

**City of Rockville
Pension Fund**

**Analysis of Investment Performance
through March 31, 2008**



**George Kiriakos
Vice President**

June 2008



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June 9, 2008

Board of Trustees
City of Rockville Pension Fund
111 Maryland Avenue
Rockville, MD 20854

Dear Trustees:

This report presents our updated analysis of the City of Rockville Pension Fund's investment performance and traces the growth of assets through March 31, 2008. It is based on data provided to us by your custodian and the various investment managers. The report illustrates the investment performance of the overall Fund and also shows results by asset class segment and by individual manager in comparison with the various performance benchmarks defined in the Fund's statement of guidelines and objectives.

We hope you find this report useful as a tool for monitoring the performance of the Fund as well as a basis for discussion of the investment issues surrounding the investment program. We look forward to reviewing this report with you and answering any questions you may have.

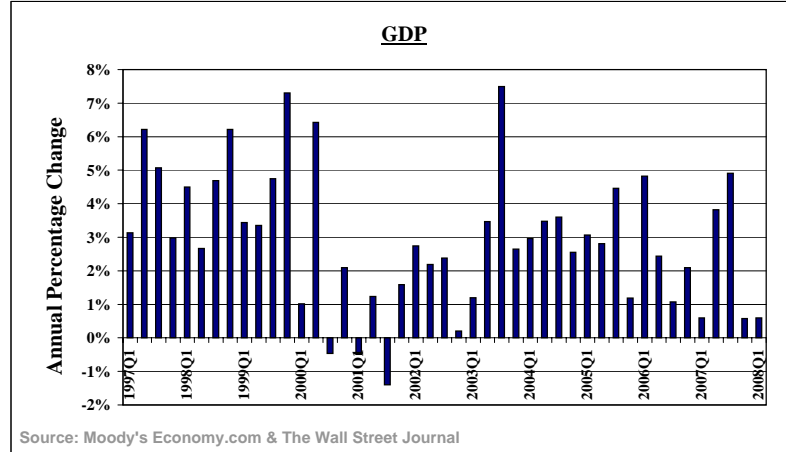
Sincerely,

George Kiriakos
Vice-President

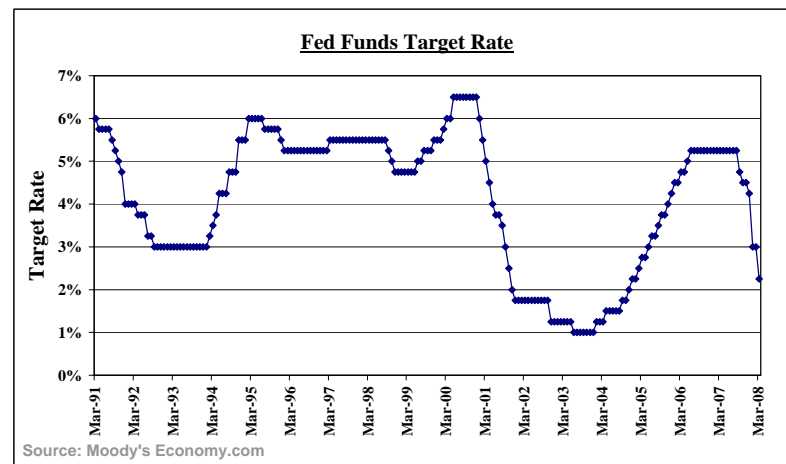
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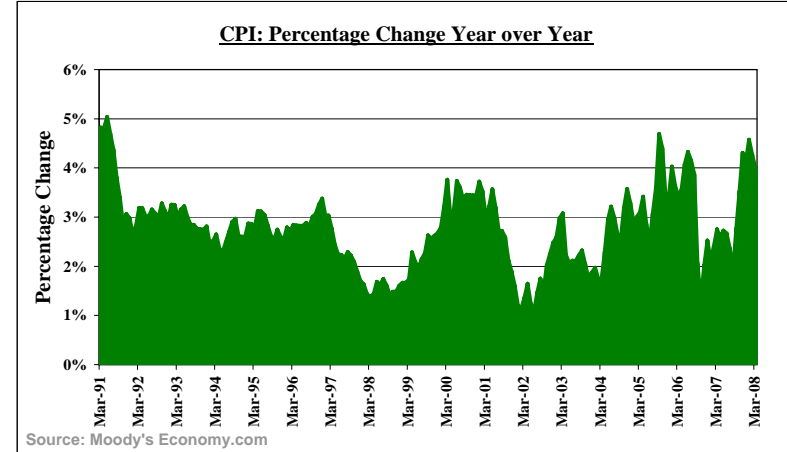
Macroeconomic Themes



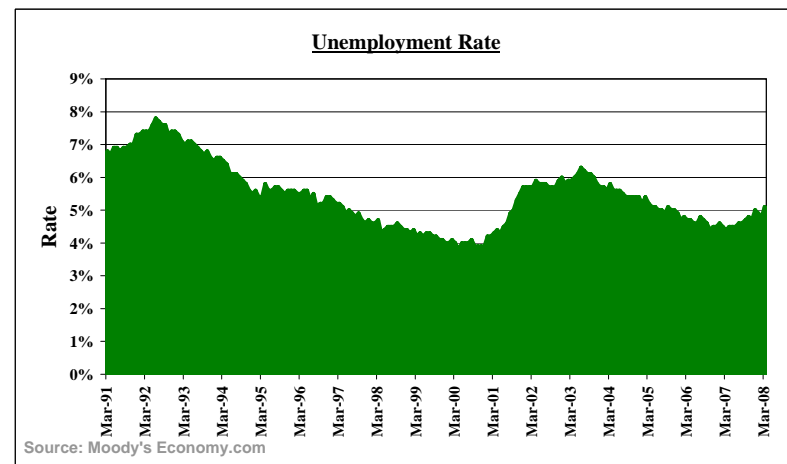
- Q1 2008 GDP advanced at a 0.6% annualized rate, which was the same rate of growth as seen in the fourth quarter of 2007. Over the past year, real GDP has increased 2.5%. A buildup in inventories and strong exports were a positive for GDP growth; however, it was offset by a weakened housing market, decreased business investment, and a pullback in consumer spending. Growth in inventories was a result of slowing demand, which could possibly lead to a decline in GDP during Q2.
- Consumer spending, which makes up 70% of GDP, rose 1.0% in Q1, the weakest increase since Q2 2001.



- In response to weakening economic conditions, the FOMC decided to cut the target rate by 75 basis points to 3.5% at an emergency meeting on January 21st. At the scheduled January 29th meeting, the Committee agreed that economic conditions had deteriorated since the previous meeting, and lowered the rate by an additional 50 basis points, to 3%. On March 10th, the Committee voted to offer a Term Securities Lending Facility, allowing primary dealers to exchange highly rated assets for Treasuries. On March 18th, the FOMC reduced the target rate by 75 basis points, to 2.25%, again citing further weakening in the economy and ongoing problems in the financial markets.



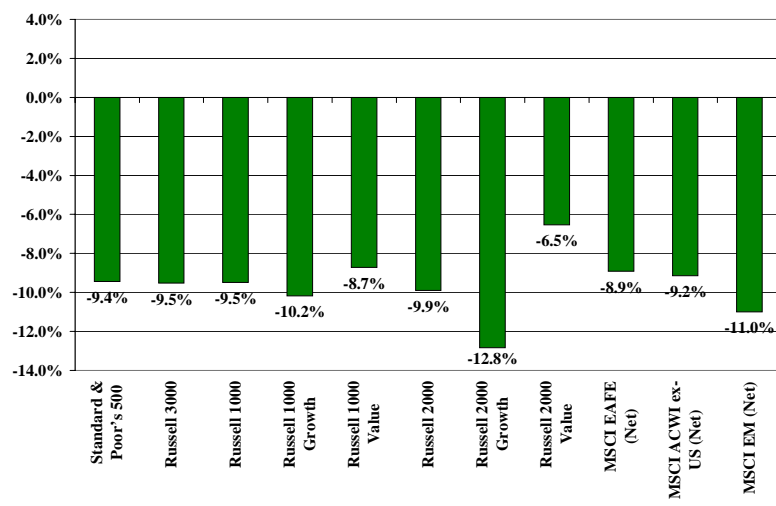
- Headline CPI rose by 4.0% in March on a year-over-year basis, 3.1% on a three-month basis, and by 0.3% from February. The core index, which excludes food and energy prices, increased 2.4% (year-over-year) during Q1, which was a tenth of a percentage point increase over the previous month. Lower labor costs and decreased consumer spending inhibited businesses' ability to pass on production costs to consumers.



- The unemployment rate increased to 5.1% in March, marking the highest rate since September 2005, as the number of unemployed workers exceeded the number of labor force entrants. Payroll employment declined by 232,000 jobs in Q1 as job growth in professional, technical, healthcare and food services continued to be offset by job losses in construction, manufacturing and retail.

Selected Equity and Fixed Income Index Rates of Return for Periods Ended March 31, 2008

Equity Index Returns: Quarter Ending 3/31/08

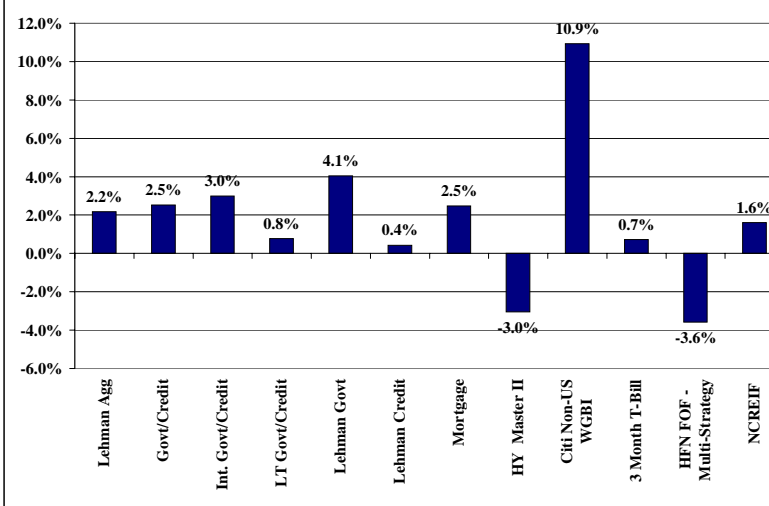


Equity Indices

	Quarter	YTD	1-year	3-year	5-year	10-year
Standard & Poor's 500	-9.4%	-9.4	-5.1	5.9	11.3	3.5
Russell 3000	-9.5%	-9.5	-6.1	6.1	12.1	3.9
Russell 1000	-9.5%	-9.5	-5.4	6.2	11.9	3.8
Russell 1000 Growth	-10.2%	-10.2	-0.8	6.3	10.0	1.3
Russell 1000 Value	-8.7%	-8.7	-10.0	6.0	13.7	5.5
Russell 2000	-9.9%	-9.9	-13.0	5.1	14.9	5.0
Russell 2000 Growth	-12.8%	-12.8	-8.9	5.7	14.2	1.8
Russell 2000 Value	-6.5%	-6.5	-16.9	4.3	15.4	7.5
MSCI EAFE (Net)	-8.9%	-8.9	-2.7	13.3	21.4	6.2
MSCI ACWI ex-US (Net)	-9.2%	-9.2	2.2	16.0	23.6	7.7*
MSCI EM (Net)	-11.0%	-11.0	21.3	29.2	35.5	12.5*

*For 10-year performance, Gross returns are provided.

Fixed Income and Other Index Returns: Quarter Ending 3/31/08

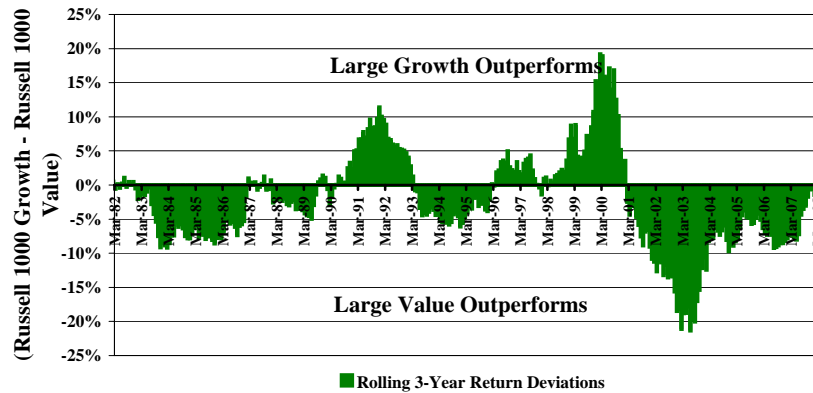


Fixed Income Indices

	Quarter	YTD	1-year	3-year	5-year	10-year
Lehman Aggregate	2.2%	2.2	7.7	5.5	4.6	6.0
Lehman Govt/Credit	2.5%	2.5	8.4	5.6	4.6	6.1
Lehman Int. Govt/Credit	3.0%	3.0	8.9	5.7	4.4	5.9
Lehman Long Govt/Credit	0.8%	0.8	6.4	5.1	5.5	6.9
Lehman Govt	4.1%	4.1	11.5	6.4	4.7	6.2
Lehman Credit	0.4%	0.4	4.0	4.3	4.4	5.9
Lehman Mortgage	2.5%	2.5	7.9	5.8	4.8	6.0
ML High Yield Master II	-3.0%	-3.0	-3.5	4.9	8.6	4.9
Citigroup Non-US WGBI (Un)	10.9%	10.9	22.3	7.4	9.0	7.4
Citigroup 3 Month T-Bill	0.7%	0.7	4.2	4.2	3.0	3.6
<u>Other Indices</u>						
HFN HFOF Multi-Strategy	-3.6%	-3.6	2.9	7.2	7.9	8.5
NCREIF Property Index	1.6%	1.6	13.6	16.8	15.1	12.6

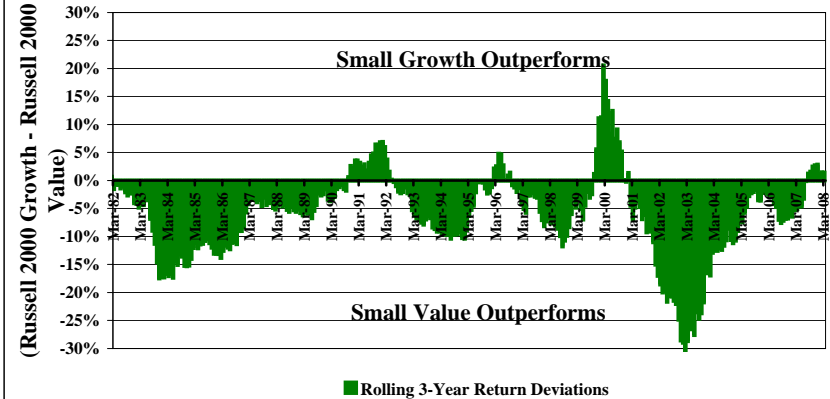
Equity Themes

Equity Style Cycle: Rolling Returns Analysis



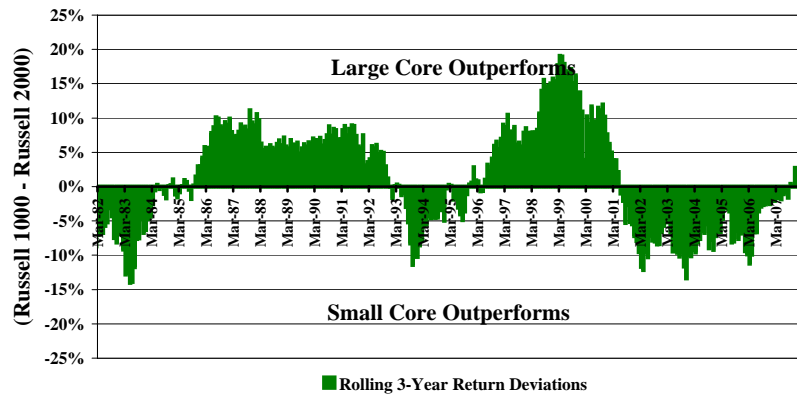
- Index Inception (i.e., January 1979): R1000V: 13.6%; R1000G: **11.4%** (+220 bps)
- After 7 consecutive years of outperformance by the R1000V relative to the R1000G, the R1000G was ahead of the R1000V on a trailing 1-year (+925 bps) and 3-year (+30 bps) basis.

Equity Style Cycle: Rolling Returns Analysis



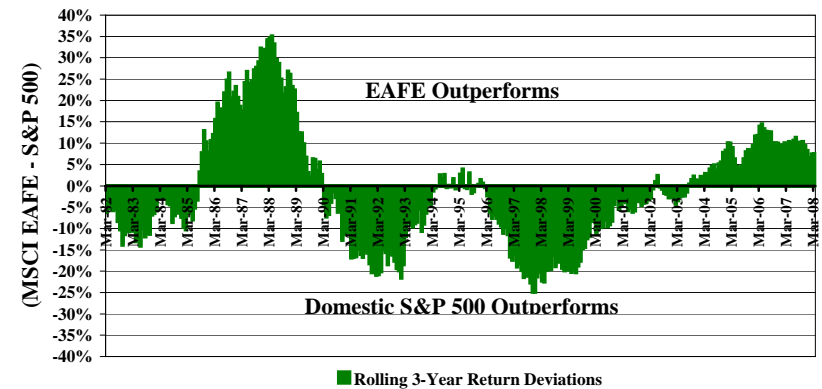
- Index Inception (i.e., January 1979): R2000V: **14.5%**; R2000G: 9.6% (+492 bps)
- The R2000V outperformed the R2000G in 6 of last 10 calendar years; however, the R2000G outperformed the R2000V for the trailing 1-year (+800 bps) and 3-year (+140 bps) time periods.

Equity Market Cap Cycle: Rolling Returns Analysis



- Index Inception (i.e., January 1979): R1000: **12.7%**; R2000: **12.3%** (+42 bps)
- After outperforming for 7 of the last 8 calendar years, the R1000 was ahead of the R2000 for the trailing 1-year (+756 bps) and 3-year (+110 bps) time periods.

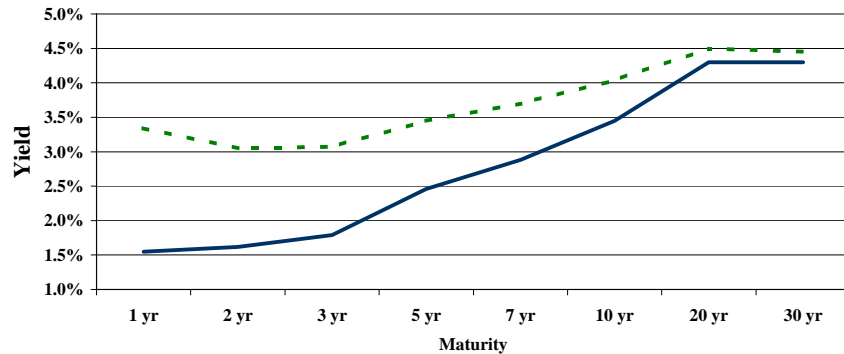
Equity Country Cycle: Rolling Returns Analysis



- Index Inception (i.e., January 1979): S&P 500: **12.7%**; EAFE: **10.9%** (+177 bps)
- The EAFE outperformed the S&P 500 in 7 of last 10 calendar years, including the last 6 in a row.

Fixed Income Themes

Treasury Yield Curve



Source: U.S. Treasury

--- 12/31/2007 — 3/31/2008

- In an effort to fend off a recession and bolster confidence in the financial markets, the Fed eased the Fed funds rate again in March by cutting its target for the Fed funds rate by 75 bps to 2.25% at the March 18th FOMC meeting. In total, the Fed aggressively cut its target for the Fed funds rate by 200 bps in Q1 from 4.25% to 2.25%. The yield curve steepened significantly as a result of Fed activity and ongoing forward-looking concern about inflation. The difference between 2 and 30-year Treasury yields jumped to 271 bps on March 31st from 140 bps at year end.

**Moody's Corporate-Treasury Bond Spread
Baa 10-Yr Constant Maturities**



Source: Moody's Economy.com

- For the third consecutive quarter, credit spreads continued to widen. During Q1, credit spreads widened by 83 bps and ended March at 338 bps, the highest spreads have been since the end of the 2002.
- Corporate defaults remain low; however, with market fundamentals deteriorating, the Moody's twelve month corporate default rate rose modestly to 1.5%.

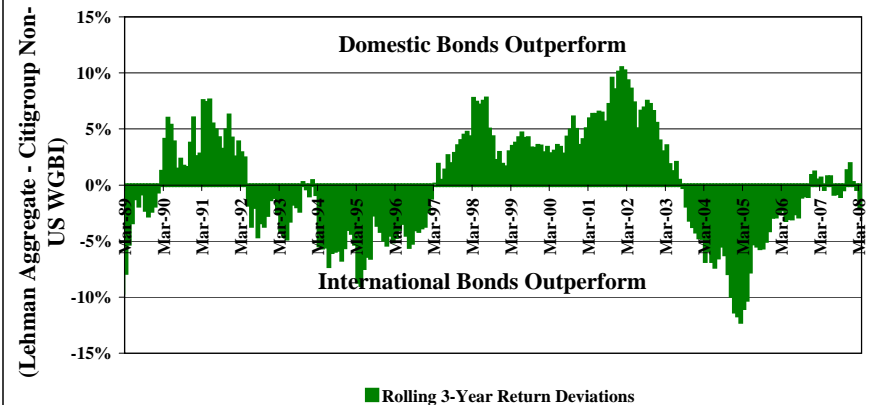
OAS and Excess Returns (in bps)

	12/31/07 OAS	3/31/08 OAS	Q1 2008 Excess Return vs US Treasuries
U.S. Aggregate Index	91	135	-183
U.S. Agency (non-mortgage) Sector	43	69	-67
Mortgage and ABS Sectors			
Mortgage Backed Securities	87	121	-81
Asset-Backed Securities	242	402	-594
CMBS	170	347	-777
Credit Sectors			
U.S. Investment Grade	181	259	-427
Industrial	181	259	-466
Utility	189	251	-393
Financial Institutions	220	330	-530
U.S. High Yield	569	781	-781

Source: Baird Advisors and Lehman Brothers

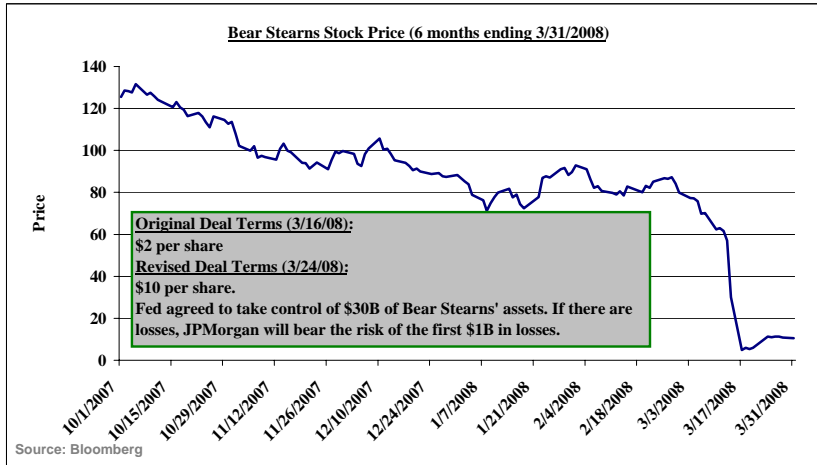
- Yield spreads on non-Treasury sectors widened sharply in March, which, in some cases, were all-time highs. Due to forced liquidations of mortgage issues and ABS by Carlyle and Thornburg, among others, the option-adjusted spread (OAS) on MBS and ABS were pushed to 121 bps and 402 bps, respectively. Concern in the finance sector, including Bear Stearns, pushed spreads in that sector to all-time highs as well (330 bps). The OAS on the Aggregate Index (135 bps) was also a new record.

Fixed Income Cycle: Rolling Returns Analysis

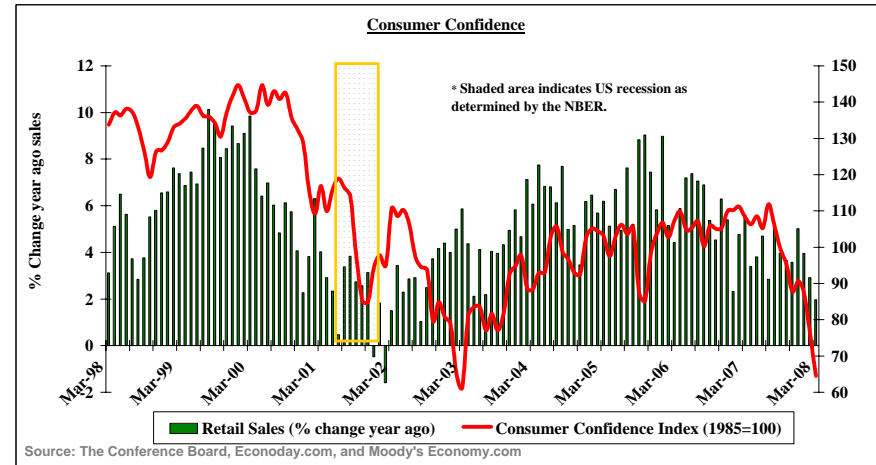


- International bonds continued to significantly outperform domestic bonds during Q1 (10.9% vs. 2.2%).
- The significant underperformance caused domestic bonds to trail international bonds across all annualized periods studied. Most notably, international bonds now outpace domestic bonds (7.4% vs. 6.0%) for the 10-year annualized period.

Themes of the First Quarter



- On March 16, 2008, under the supervision of the Fed, Bear Stearns signed a merger agreement with JP Morgan under which JP Morgan would assume the counterparty risk and exercise management control over Bear Stearns pending shareholder approval. This occurred following a tumultuous week in which investors became concerned about trades entered into with Bear Stearns. The firm's cash position fell sharply, and the Fed made a series of unprecedented moves. Fed Chairman Ben Bernanke stated that there most likely would have been "severe consequences" to the default of Bear Stearns, leading to a possible systemic financial crisis.



- Consumer confidence fell to 64.5 in March, down from February's reading of 76.4. The consumer remained a common theme throughout Q1 2008 as rising gas and food prices, weaker job prospects, credit, and slumping housing values continued to erode confidence.
- Although CPI is not showing significant inflationary pressure, consumers fear that inflation is on the rise.
- The percentage of survey respondents who planned to take a vacation in the next six months fell to a 30-year low.

Bond Insurer Ratings

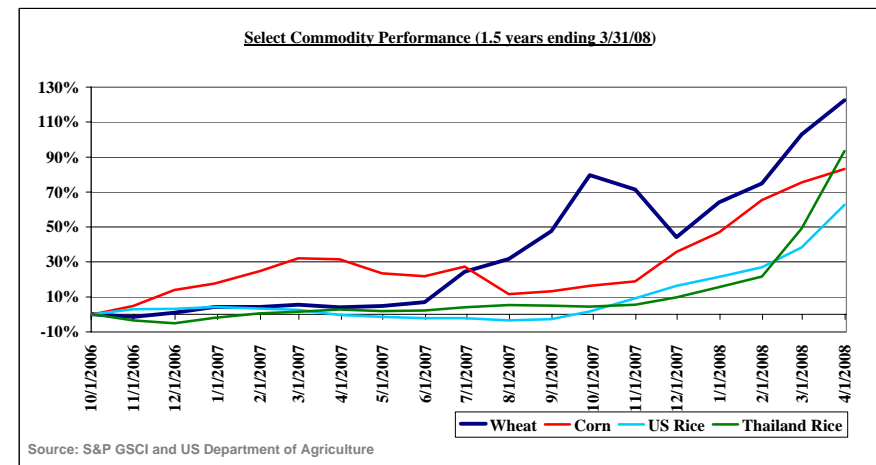
As of 3/31/08

Bond Insurer	Moody's Rating	S&P Rating	Fitch Rating
ACA	NR	CCC CreditWatch Developing	NR
Ambac	Aaa Review for Downgrade	AAA CreditWatch Negative	AA Rating Watch Negative
Assured Guaranty	Aaa Stable	AAA Stable	AAA Stable
CIFG	A1 Stable	A+ Negative Outlook	A- Rating Watch Negative
FGIC	Baa3 Review for Downgrade	BB Negative Outlook	BBB Rating Watch Negative
FSA	Aaa Stable	AAA Stable	AAA Stable
MBIA	Aaa Negative Outlook	AAA Negative Outlook	AA Rating Watch Negative
Radian	Aa3 Negative Outlook	AA Stable	A+ Rating Watch Evolving
XLCA	A3 Review for Downgrade	A- CreditWatch Negative	BB Rating Watch Negative

Notes:
ACA was formerly rated A by S&P.
Radian was formerly rated AA by Fitch.
All other bond insurers were previously rated AAA by the major ratings services.

Source: Sit Investment Associates and RBC Dain Rauscher

- The ratings downgrades (and prospective downgrades) of the monoline bond insurers contributed to a number of liquidity issues in the municipal marketplace during Q1.
- Uncertainties surrounding credit quality resulted in an unsustainable rise in short-term borrowing costs for many issuers of auction rate securities (ARS) engaged in interest-rate swaps and leveraged municipal players. This includes closed-end bond funds and hedge funds, who had been relying on credit enhancement to help remarket variable rate issues at low money market rates.
- Concerns surrounding the bond insurers remains primarily focused on their exposure to credit issues in the taxable bond market.



- In 2008, the trend of increasing international food prices continued, and even accelerated.
- The rising cost of food is being felt around the world. The prices mainly reflect changes in demand, as people in China and India are consuming more grain and Western countries are converting cereals into fuel. The rapid increase in wheat and rice prices has resulted in purchase restrictions, protests, and riots.
- Pressure is also being felt at some of America's largest food firms, as they continue to struggle due to increased ingredient costs. Firms are changing packaging and recipes to defend against rising costs.

Investment Manager Roster

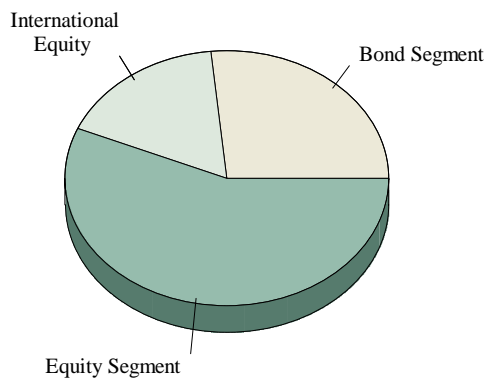
Investment Manager	Mandate	Benchmark	Inception Date
Principal Global Investors, LLC	Large Cap	S&P 500	12/31/1994
Principal Global Investors, LLC	International Core	MSCI Net EAFE	12/31/1994
Principal Global Investors, LLC	Fixed Income Core	Lehman Aggregate Bond Index	12/31/1994
Manning & Napier Advisors, Inc.	Small Cap	Russell 2000 Index	01/31/2008
Prudential Real Estate Investors	Real Estate	NCREIF National Property Index	03/31/2008

Asset Allocation Policy

Asset Class	Minimum	Target	Maximum
Domestic Equity	45%	50%	55%
International Core	10%	15%	20%
Fixed Income Core	30%	35%	40%

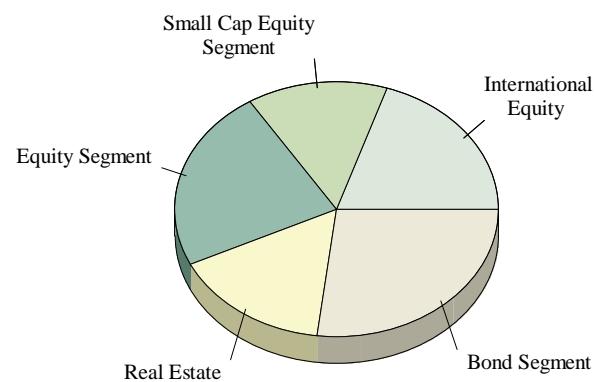
COMPOSITE ASSET ALLOCATION

TOTAL MARKET VALUE
AS OF DECEMBER 31, 2007
\$64,380,522



	Value	Percent
Equity Segment	36,319,483	56.41
Bond Segment	17,100,874	26.56
International Equity	10,960,165	17.03

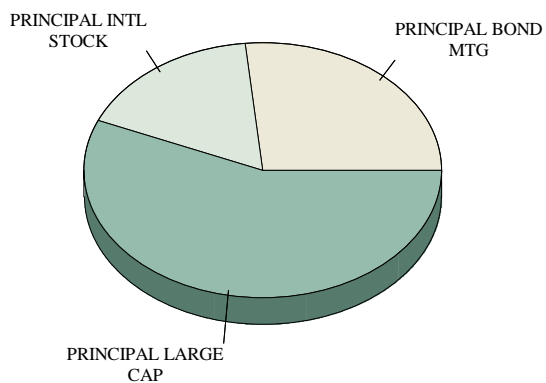
TOTAL MARKET VALUE
AS OF MARCH 31, 2008
\$60,068,049



	Value	Percent
Bond Segment	16,168,890	26.92
Equity Segment	13,877,505	23.10
International Equity	11,984,116	19.95
Real Estate	9,600,000	15.98
Small Cap Equity Segment	8,437,538	14.05

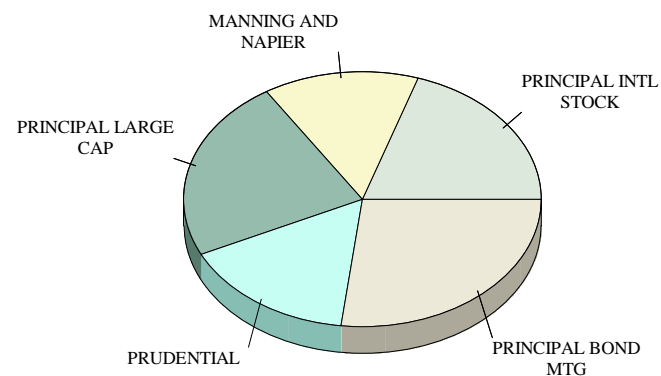
COMPOSITE MANAGER ASSET ALLOCATION

TOTAL MARKET VALUE
ON DECEMBER 31, 2007
\$64,380,522



	Value	Percent
PRINCIPAL LARGE CAP	36,319,483	56.41
PRINCIPAL BOND MTG	17,100,874	26.56
PRINCIPAL INTL STOCK	10,960,165	17.02

TOTAL MARKET VALUE
ON MARCH 31, 2008
\$60,068,049



	Value	Percent
PRINCIPAL BOND MTG	16,168,890	26.92
PRINCIPAL LARGE CAP	13,877,505	23.10
PRINCIPAL INTL STOCK	11,984,116	19.95
PRUDENTIAL	9,600,000	15.98
MANNING AND NAPIER	8,437,538	14.05

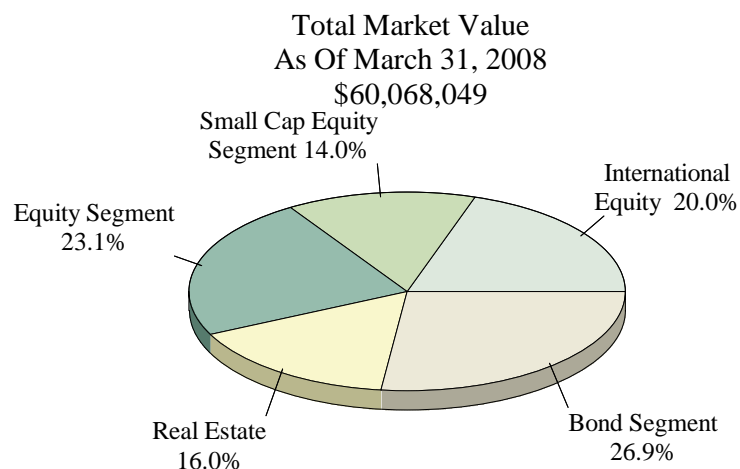
Profile

COMPOSITE	
Benchmark:	POLICY INDEX
Inception Date:	December 31, 2001

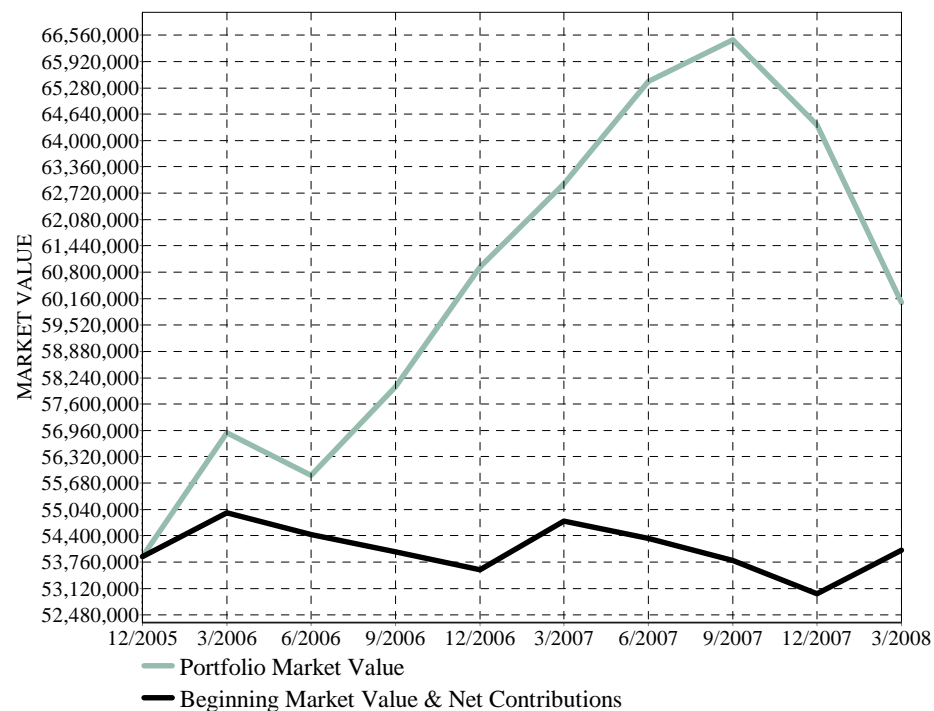
Account Reconciliation

Source	Quarter	Year to Date	12/2005 - 6/2007
Beginning Value	64,380,522	64,380,522	53,896,652
Net Flows	10,656,887	10,656,887	9,752,569
Investment G/L	-14,969,360	-14,969,360	-3,581,172
Ending Value	60,068,049	60,068,049	60,068,049

Asset Allocation



Source Of Portfolio Growth

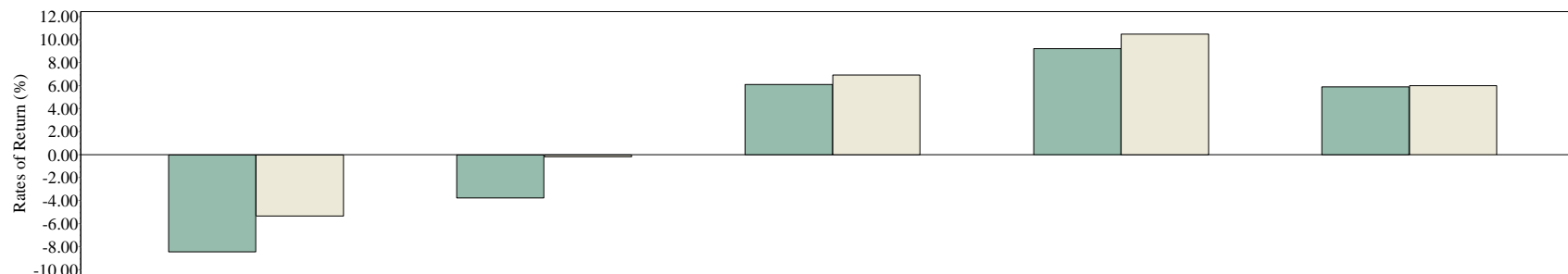


COMPOSITE PERFORMANCE SUMMARY

	Qtr	1 Yr	3 Yr	5 Yr	Incept	Market Value	% of Assets
COMPOSITE	-8.45	-3.78	6.13	9.24	5.94	\$60,068,049	
POLICY INDEX	-5.35	-0.20	6.96	10.51	6.04		
PRINCIPAL LARGE CAP	-9.62	-5.49	5.57	11.12	-	\$13,877,505	23.10%
S&P 500	-9.45	-5.08	5.85	11.32	-		
Universe Median	-9.41	-3.82	6.49	12.28	-		
Quartile Ranking	56	66	73	72	-		
PRINCIPAL INTL STOCK	-10.03	1.11	18.54	24.65	-	\$11,984,116	19.95%
MSCI NET EAFE	-8.91	-2.70	13.32	21.40	-		
Universe Median	-8.83	1.08	16.13	23.73	-		
Quartile Ranking	69	49	30	42	-		
PRINCIPAL BOND MTG	-1.75	0.33	3.45	3.91	-	\$16,168,890	26.92%
LB AGGREGATE BOND	2.17	7.67	5.48	4.58	-		
Universe Median	2.16	7.33	5.47	4.63	-		
Quartile Ranking	99	99	99	92	-		
MANNING AND NAPIER	-	-	-	-	-	\$8,437,538	14.05%
RUSSELL 2000	-	-	-	-	-		
Universe Median	-	-	-	-	-		
Quartile Ranking	-	-	-	-	-		
PRUDENTIAL	-	-	-	-	-	\$9,600,000	15.98%
NCREIF NATIONAL	-	-	-	-	-		
Universe Median	-	-	-	-	-		

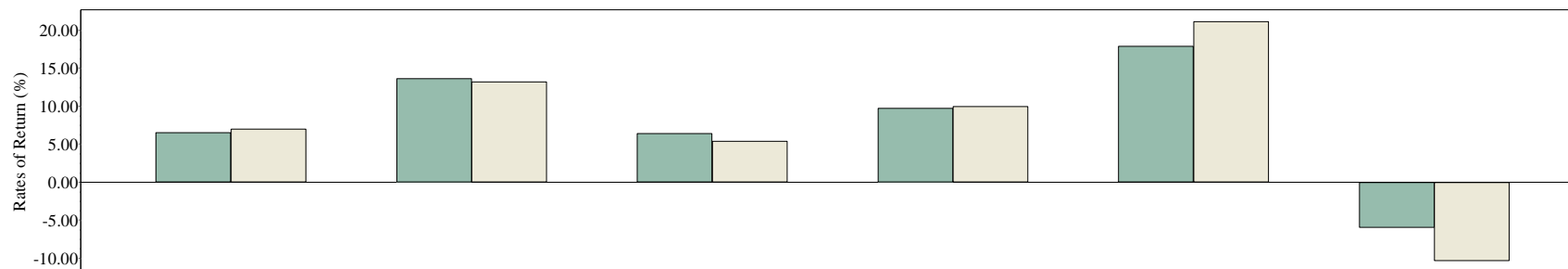
COMPOSITE - TOTAL FUND 12/2001 Through 3/2008

Trailing Returns



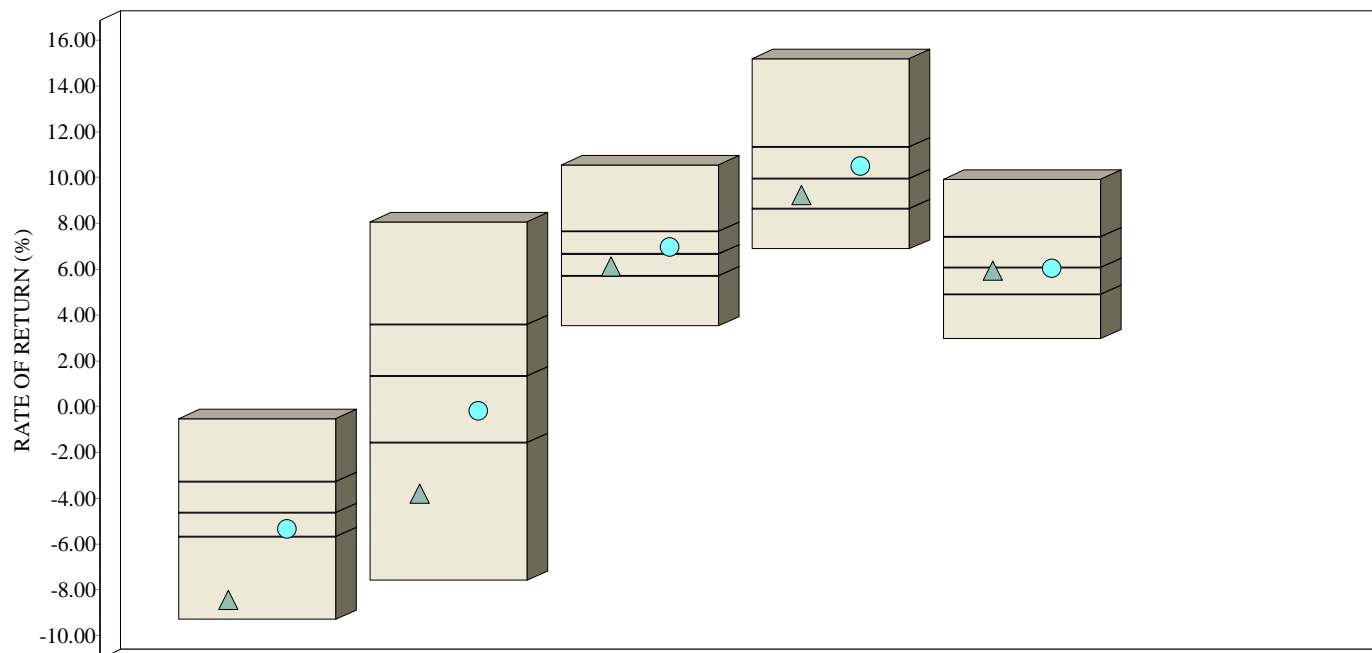
	1 Qtr	1 Yr	3 Yr	5 Yr	Since Inception
TOTAL FUND	-8.45	-3.78	6.13	9.24	5.94
POLICY INDEX	-5.35	-0.20	6.96	10.51	6.04
Difference	-3.10	-3.59	-0.83	-1.26	-0.10

Calendar Year Returns



	2007	2006	2005	2004	2003	2002
TOTAL FUND	6.52	13.65	6.43	9.71	17.89	-6.01
POLICY INDEX	6.99	13.20	5.40	9.97	21.12	-10.38
Difference	-0.47	0.45	1.04	-0.26	-3.22	4.37

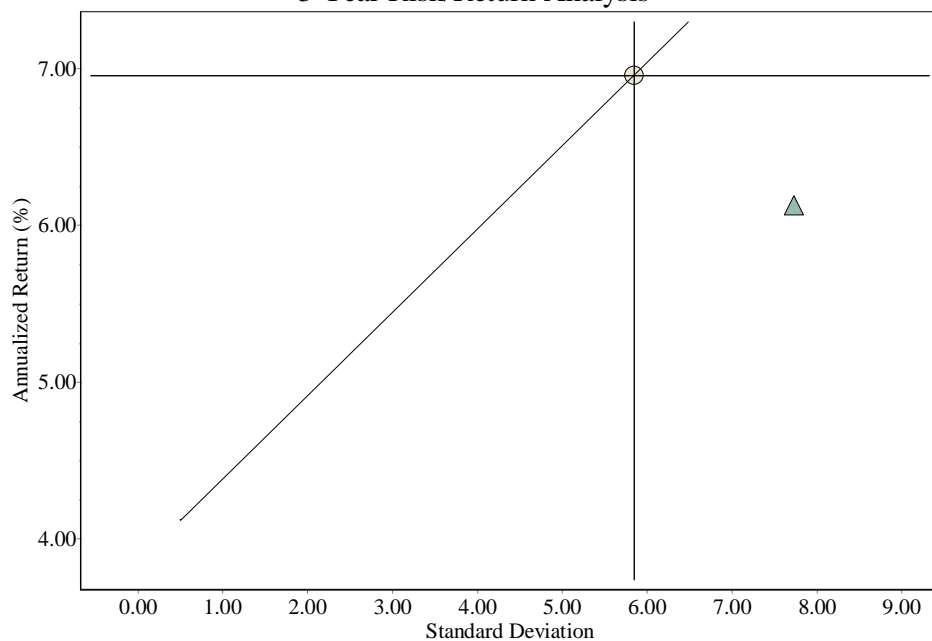
QUARTILE RANKING ANALYSIS TOTAL FUND AGAINST BALANCED MANAGERS



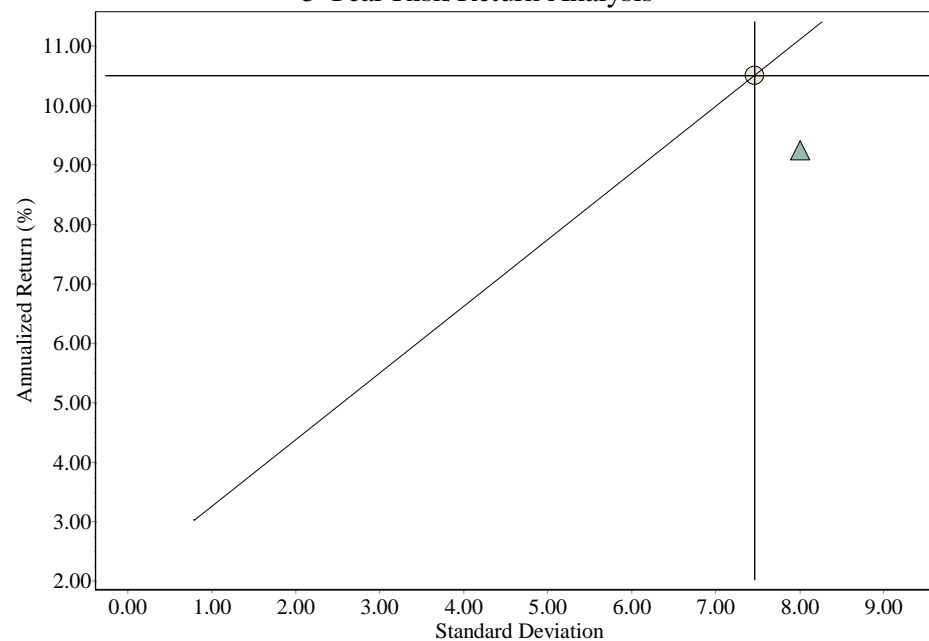
		<u>LATEST QUARTER</u>		<u>ONE YEAR</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>		<u>SINCE INCEPTION</u>	
	HIGHEST VALUE		-0.52		8.07		10.54		15.20		9.92
	FIRST QUARTILE		-3.28		3.56		7.66		11.33		7.41
	MEDIAN VALUE		-4.63		1.33		6.66		9.95		6.07
	THIRD QUARTILE		-5.69		-1.57		5.69		8.64		4.89
	LOWEST VALUE		-9.31		-7.60		3.50		6.86		2.93
	MEAN		-4.55		0.89		6.72		10.06		6.18
		<u>LATEST QUARTER</u>		<u>ONE YEAR</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>		<u>SINCE INCEPTION</u>	
		RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK
▲	COMPOSITE	-8.45	97	-3.78	89	6.13	64	9.24	63	5.94	52
●	POLICY INDEX	-5.35	68	-0.20	63	6.96	38	10.51	41	6.04	50

COMPOSITE RETURN VS RISK

3 Year Risk/Return Analysis



5 Year Risk/Return Analysis



	Return	Std Dev	Alpha	Beta	R-Squared
▲ COMPOSITE	6.13	7.73	-1.62	1.33	98.21
○ POLICY INDEX	6.96	5.84	0.00	1.00	100.00

	Return	Std Dev	Alpha	Beta	R-Squared
▲ COMPOSITE	9.24	8.00	-1.38	1.03	95.31
○ POLICY INDEX	10.51	7.46	0.00	1.00	100.00

**COMPOSITE
TOTAL FUND MARKET VALUES AND CASH FLOWS**

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 2002	N/A	0	0	N/A	0.28
Jun 2002	N/A	0	41,225,900	41,225,900	-3.50
Sep 2002	41,225,900	0	-3,800,429	37,425,471	-7.84
Dec 2002	37,425,471	0	1,808,362	39,233,833	5.39
Mar 2003	39,233,833	0	-185,531	39,048,302	-1.93
Jun 2003	39,048,302	0	3,648,601	42,696,903	10.03
Sep 2003	42,696,903	0	289,805	42,986,708	1.36
Dec 2003	42,986,708	0	3,093,328	46,080,036	7.79
Mar 2004	46,080,036	0	2,258,325	48,338,361	2.56
Jun 2004	48,338,361	0	-352,977	47,985,384	-0.23
Sep 2004	47,985,384	0	-166,674	47,818,710	0.45
Dec 2004	47,818,710	0	3,057,601	50,876,311	6.74
Mar 2005	50,876,311	0	487,401	51,363,712	-1.31
Jun 2005	51,363,712	0	443,603	51,807,315	1.99
Sep 2005	51,807,315	0	1,424,511	53,231,826	3.53
Dec 2005	53,231,826	-398,198	1,063,024	53,896,652	2.14
Mar 2006	53,896,652	1,065,642	1,939,241	56,901,535	3.59
Jun 2006	56,901,535	-531,862	-499,858	55,869,815	-0.88
Sep 2006	55,869,815	-424,358	2,576,336	58,021,793	4.64
Dec 2006	58,021,793	-433,628	3,340,857	60,929,022	5.79
Mar 2007	60,929,022	1,188,243	828,248	62,945,513	1.36
Jun 2007	62,945,513	-424,423	2,911,209	65,432,299	4.65
Sep 2007	65,432,299	-537,907	1,549,901	66,444,293	2.38
Dec 2007	66,444,293	-806,025	-1,257,746	64,380,522	-1.90
Mar 2008	64,380,522	10,656,887	-14,969,360	60,068,049	-8.45

**COMPOSITE
QUARTERLY ASSET ALLOCATION (%)**

	BOND	EQUITY	INTERNATIONAL EQUITY
Period Ending	Actual Weight	Actual Weight	Actual Weight
03/31/2007	28.39	55.90	15.71
06/30/2007	26.29	57.23	16.48
09/30/2007	25.87	57.20	16.93
12/31/2007	26.56	56.41	17.02
03/31/2008	26.92	23.10	19.95

Profile

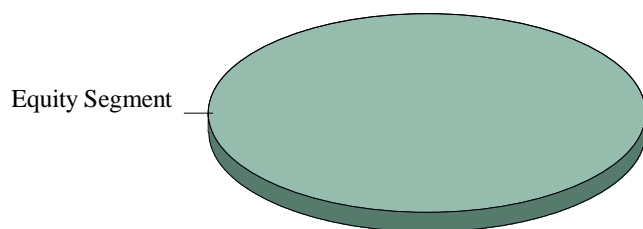
PRINCIPAL LARGE CAP STOCK INDEX	
Style:	Large Cap
Benchmark:	S&P 500
Universe:	Large Cap Managers
Inception Date:	December 31, 1994

Account Reconciliation

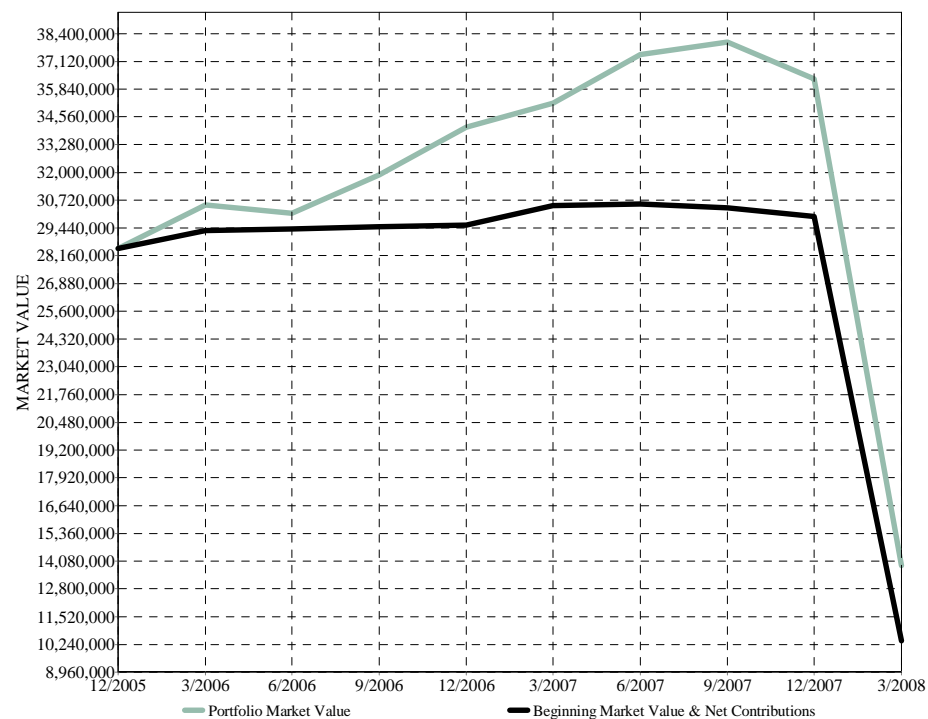
Source	Quarter	Year to Date	12/2005 - 6/2007
Beginning Value	36,319,483	36,319,483	28,505,988
Net Flows	-19,570,012	-19,570,012	-18,097,324
Investment G/L	-2,871,966	-2,871,966	3,468,841
Ending Value	13,877,505	13,877,505	13,877,505

Asset Allocation

Total Market Value
As Of March 31, 2008
\$13,877,505

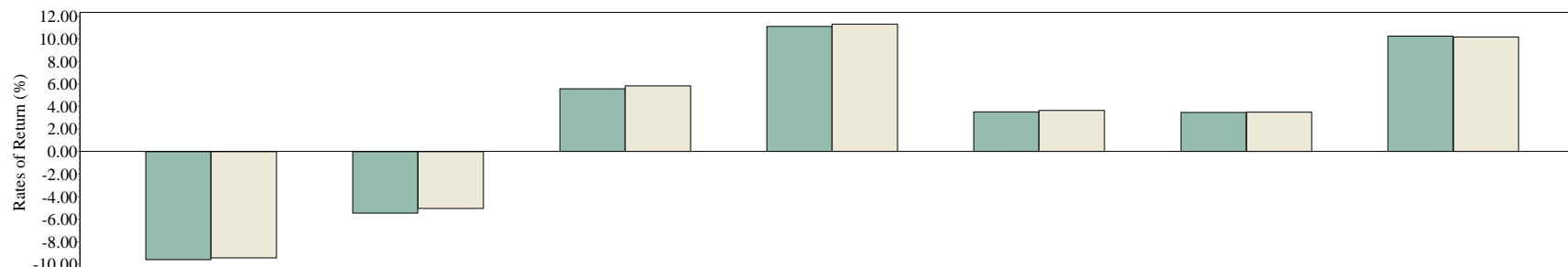


Source Of Portfolio Growth



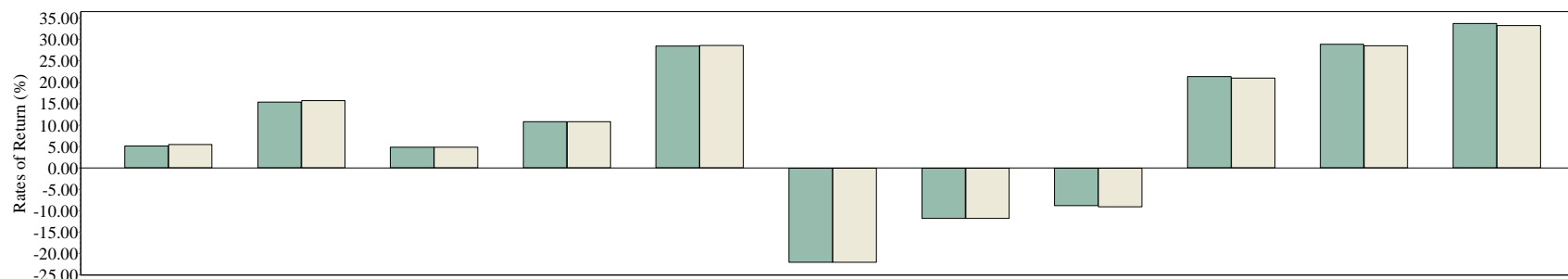
PRINCIPAL LARGE CAP STOCK INDEX - TOTAL FUND 12/1994 Through 3/2008

Trailing Returns



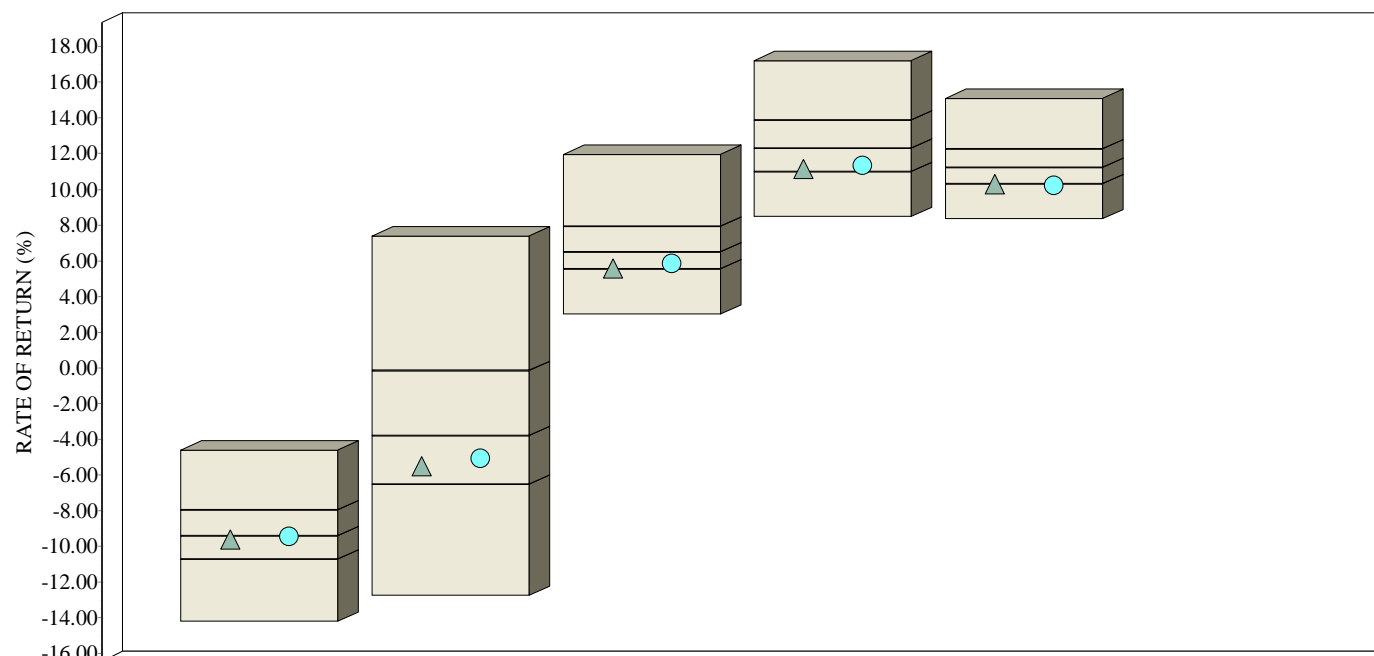
	1 Qtr	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Since Inception
TOTAL FUND	-9.62	-5.49	5.57	11.12	3.56	3.49	10.28
S&P 500	-9.45	-5.08	5.85	11.32	3.70	3.50	10.21
Difference	-0.17	-0.41	-0.28	-0.20	-0.14	-0.01	0.06

Calendar Year Returns



	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
TOTAL FUND	5.21	15.44	4.92	10.83	28.53	-22.12	-11.90	-8.83	21.41	28.98	33.74
S&P 500	5.49	15.80	4.90	10.87	28.69	-22.11	-11.88	-9.11	21.04	28.58	33.36
Difference	-0.29	-0.36	0.02	-0.04	-0.17	-0.01	-0.02	0.27	0.37	0.39	0.38

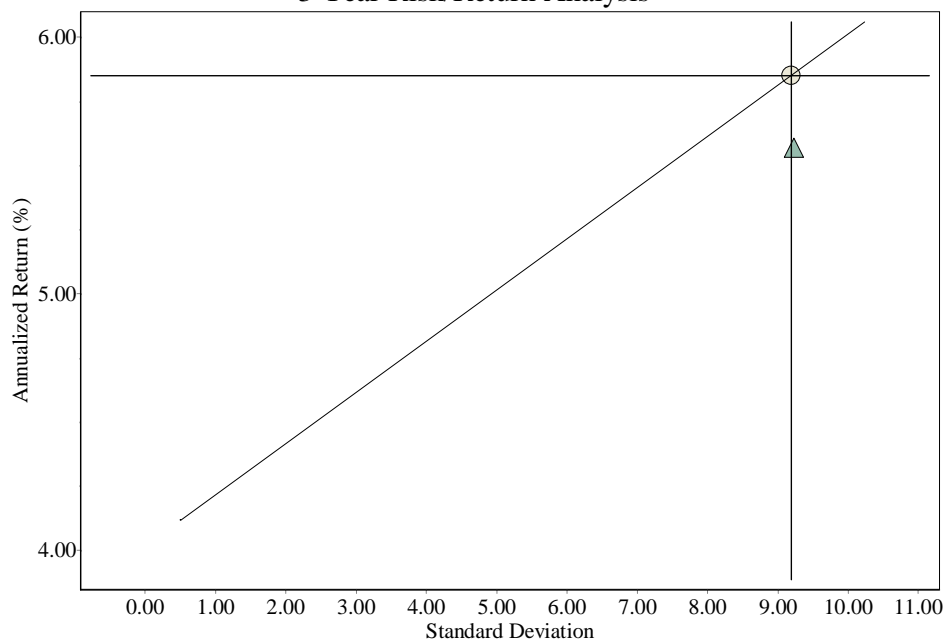
QUARTILE RANKING ANALYSIS TOTAL FUND AGAINST LARGE CAP MANAGERS



		<u>LATEST QUARTER</u>		<u>ONE YEAR</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>		<u>SINCE INCEPTION</u>	
	HIGHEST VALUE	-4.62		7.35		11.96		17.21		15.08	
	FIRST QUARTILE	-7.96		-0.16		7.90		13.85		12.27	
	MEDIAN VALUE	-9.41		-3.82		6.49		12.28		11.22	
	THIRD QUARTILE	-10.74		-6.53		5.51		10.97		10.28	
	LOWEST VALUE	-14.22		-12.77		2.99		8.44		8.35	
	MEAN	-9.35		-3.37		6.76		12.39		11.33	
		<u>LATEST QUARTER</u>		<u>ONE YEAR</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>		<u>SINCE INCEPTION</u>	
		<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>
▲	PRINCIPAL LARGE CAP	-9.62	56	-5.49	66	5.57	73	11.12	72	10.28	75
●	S&P 500	-9.45	51	-5.08	61	5.85	66	11.32	68	10.21	79

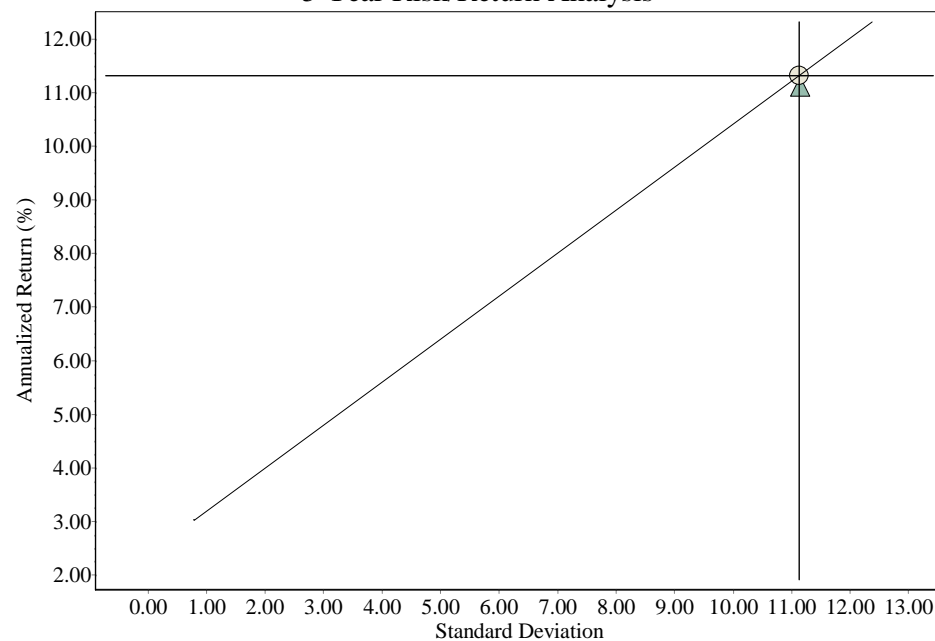
PRINCIPAL LARGE CAP STOCK INDEX RETURN VS RISK

3 Year Risk/Return Analysis



	Return	Std Dev	Alpha	Beta	R-Squared
▲ PRINCIPAL LARGE CAP	5.57	9.23	-0.27	1.00	99.99
○ S&P 500	5.85	9.19	0.00	1.00	100.00

5 Year Risk/Return Analysis



	Return	Std Dev	Alpha	Beta	R-Squared
▲ PRINCIPAL LARGE CAP	11.12	11.14	-0.20	1.00	99.99
○ S&P 500	11.32	11.13	0.00	1.00	100.00

**PRINCIPAL LARGE CAP STOCK INDEX
TOTAL FUND MARKET VALUES AND CASH FLOWS**

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 1995	N/A	0	0	N/A	9.80
Jun 1995	N/A	0	0	N/A	9.62
Sep 1995	N/A	0	0	N/A	8.01
Dec 1995	N/A	0	0	N/A	6.11
Mar 1996	N/A	0	0	N/A	5.40
Jun 1996	N/A	0	0	N/A	4.58
Sep 1996	N/A	0	0	N/A	3.17
Dec 1996	N/A	0	0	N/A	8.42
Mar 1997	N/A	0	0	N/A	2.77
Jun 1997	N/A	0	0	N/A	17.49
Sep 1997	N/A	0	0	N/A	7.58
Dec 1997	N/A	0	0	N/A	2.96
Mar 1998	N/A	0	0	N/A	14.01
Jun 1998	N/A	0	0	N/A	3.37
Sep 1998	N/A	0	0	N/A	-9.83
Dec 1998	N/A	0	0	N/A	21.37
Mar 1999	N/A	0	0	N/A	5.04
Jun 1999	N/A	0	0	N/A	7.12
Sep 1999	N/A	0	0	N/A	-6.15
Dec 1999	N/A	0	0	N/A	14.97
Mar 2000	N/A	0	0	N/A	2.34
Jun 2000	N/A	0	0	N/A	-2.58
Sep 2000	N/A	0	0	N/A	-0.92
Dec 2000	N/A	0	0	N/A	-7.71
Mar 2001	N/A	0	0	N/A	-11.90
Jun 2001	N/A	0	0	N/A	5.73
Sep 2001	N/A	0	0	N/A	-14.59
Dec 2001	N/A	0	0	N/A	10.74

**PRINCIPAL LARGE CAP STOCK INDEX
TOTAL FUND MARKET VALUES AND CASH FLOWS**

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 2002	N/A	0	0	N/A	0.25
Jun 2002	N/A	0	17,215,641	17,215,641	-13.39
Sep 2002	17,215,641	0	-2,935,912	14,279,729	-17.27
Dec 2002	14,279,729	0	1,282,740	15,562,469	8.42
Mar 2003	15,562,469	0	451,032	16,013,501	-3.16
Jun 2003	16,013,501	0	3,236,286	19,249,787	15.36
Sep 2003	19,249,787	0	551,812	19,801,599	2.63
Dec 2003	19,801,599	0	2,464,558	22,266,157	12.10
Mar 2004	22,266,157	0	1,625,488	23,891,645	1.67
Jun 2004	23,891,645	0	482,564	24,374,209	1.72
Sep 2004	24,374,209	0	-410,246	23,963,963	-1.87
Dec 2004	23,963,963	0	2,293,569	26,257,532	9.21
Mar 2005	26,257,532	0	162,832	26,420,364	-2.12
Jun 2005	26,420,364	84,114	341,273	26,845,751	1.37
Sep 2005	26,845,751	85,603	943,077	27,874,431	3.59
Dec 2005	27,874,431	74,278	557,279	28,505,988	2.08
Mar 2006	28,505,988	820,773	1,174,698	30,501,459	4.11
Jun 2006	30,501,459	73,642	-458,574	30,116,527	-1.50
Sep 2006	30,116,527	86,022	1,688,372	31,890,921	5.60
Dec 2006	31,890,921	85,113	2,107,350	34,083,384	6.60
Mar 2007	34,083,384	892,278	208,451	35,184,113	0.61
Jun 2007	35,184,113	77,971	2,183,321	37,445,405	6.20
Sep 2007	37,445,405	-170,279	732,365	38,007,491	1.96
Dec 2007	38,007,491	-392,832	-1,295,176	36,319,483	-3.43
Mar 2008	36,319,483	-19,570,012	-2,871,966	13,877,505	-9.62

**PRINCIPAL LARGE CAP STOCK INDEX
 QUARTERLY ASSET ALLOCATION (%)**

EQUITY

Period Ending	Actual Weight
03/31/2006	100.00
06/30/2006	100.00
09/30/2006	100.00
12/31/2006	100.00
03/31/2007	100.00
06/30/2007	100.00

Profile

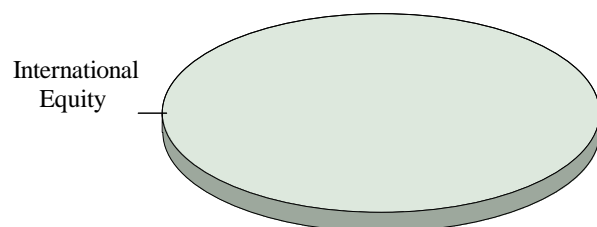
PRINCIPAL INTERNATIONAL STOCK	
Style:	Foreign Equity
Benchmark:	MSCI NET EAFE
Universe:	Foreign Equity Managers
Inception Date:	December 31, 1994

Account Reconciliation

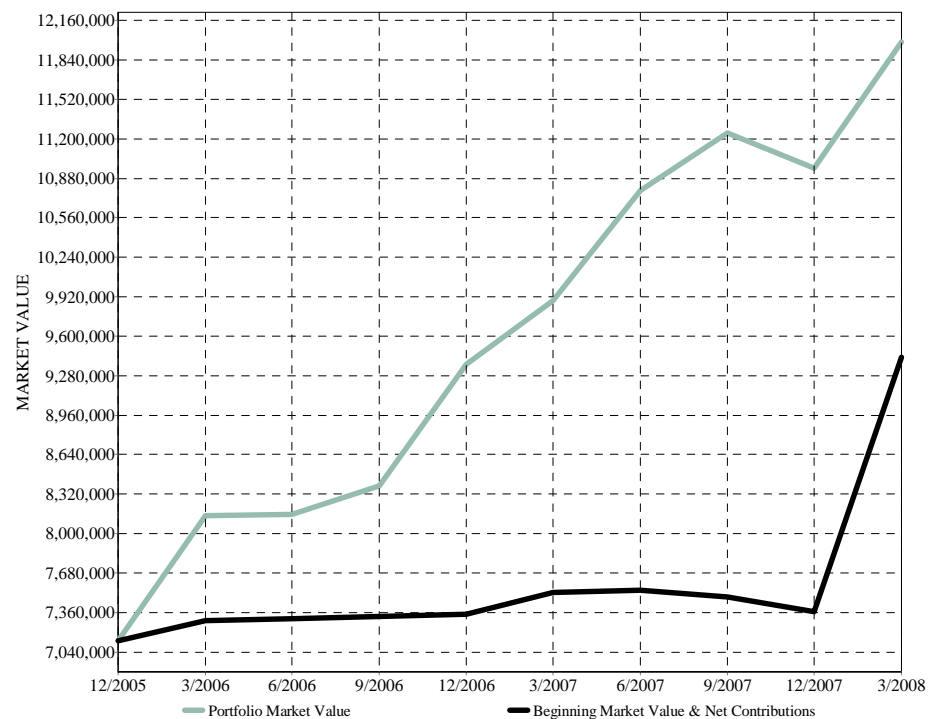
Source	Quarter	Year to Date	12/2005 - 6/2007
Beginning Value	10,960,165	10,960,165	7,130,692
Net Flows	2,058,997	2,058,997	2,295,901
Investment G/L	-1,035,046	-1,035,046	2,557,523
Ending Value	11,984,116	11,984,116	11,984,116

Asset Allocation

Total Market Value
As Of March 31, 2008
\$11,984,116



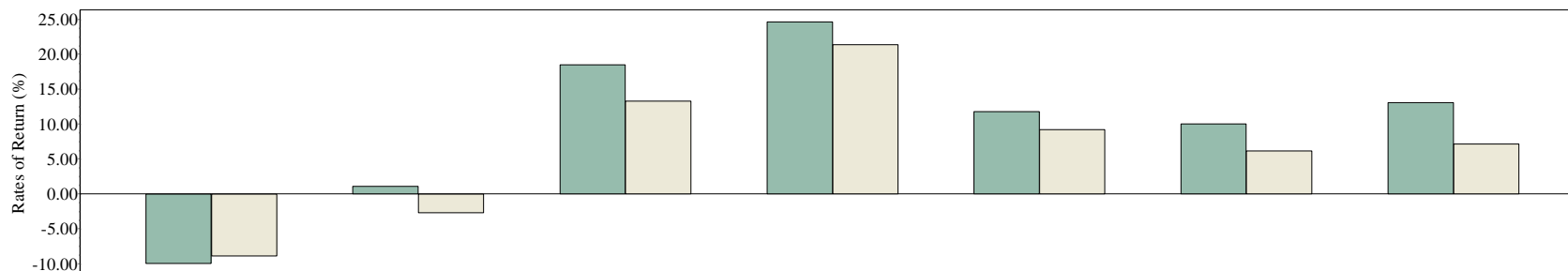
Source Of Portfolio Growth



PRINCIPAL INTERNATIONAL STOCK - TOTAL FUND

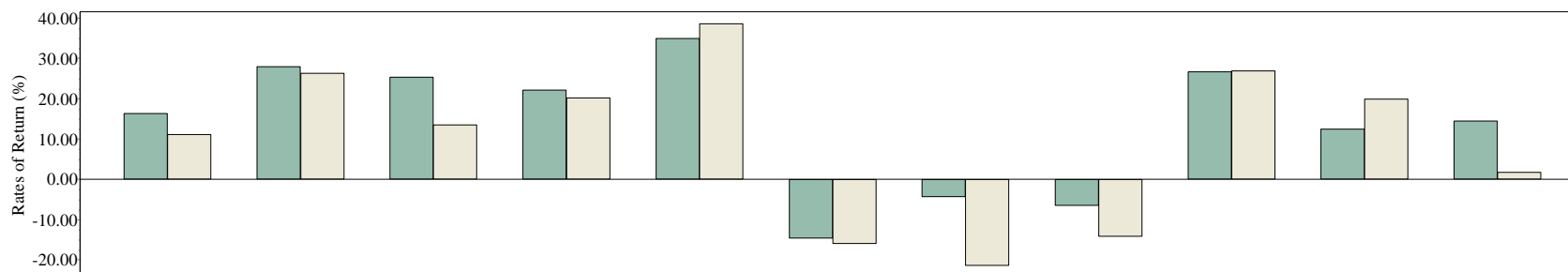
12/1994 Through 3/2008

Trailing Returns



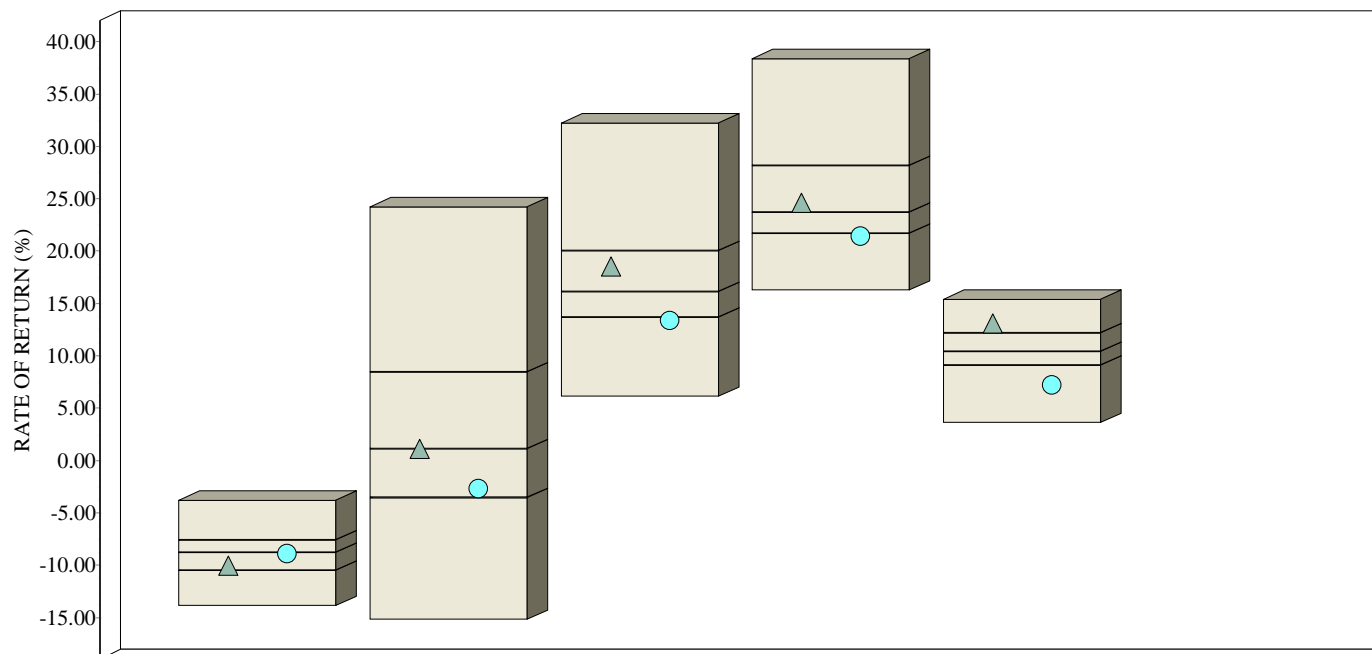
	1 Qtr	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Since Inception
TOTAL FUND	-10.03	1.11	18.54	24.65	11.81	10.08	13.08
MSCI NET EAFE	-8.91	-2.70	13.32	21.40	9.21	6.19	7.19
Difference	-1.12	3.81	5.22	3.25	2.60	3.89	5.89

Calendar Year Returns



	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
TOTAL FUND	16.43	27.96	25.37	22.19	34.99	-14.65	-4.33	-6.45	26.78	12.46	14.49
MSCI NET EAFE	11.17	26.34	13.54	20.24	38.60	-15.94	-21.44	-14.16	26.97	19.99	1.77
Difference	5.26	1.62	11.84	1.95	-3.61	1.29	17.10	7.71	-0.20	-7.53	12.72

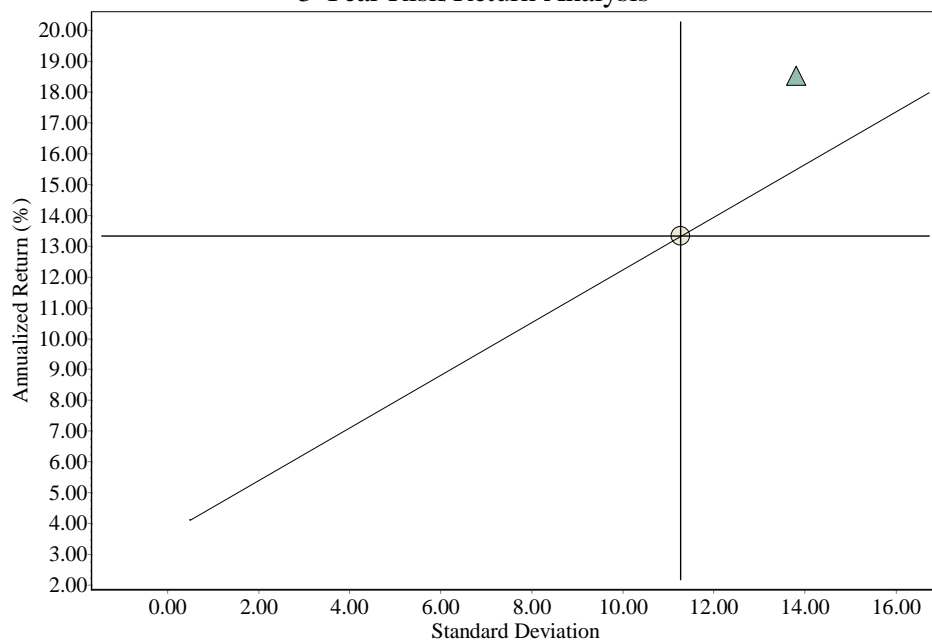
QUARTILE RANKING ANALYSIS TOTAL FUND AGAINST FOREIGN EQUITY MANAGERS



	LATEST QUARTER		ONE YEAR		THREE YEARS		FIVE YEARS		SINCE INCEPTION	
HIGHEST VALUE		-3.83		24.19		32.23		38.38		15.35
FIRST QUARTILE		-7.60		8.42		20.01		28.16		12.15
MEDIAN VALUE		-8.83		1.08		16.13		23.73		10.43
THIRD QUARTILE		-10.51		-3.58		13.64		21.68		9.06
LOWEST VALUE		-13.92		-15.23		6.09		16.25		3.62
MEAN		-8.96		2.83		17.59		25.42		10.58
	LATEST QUARTER		ONE YEAR		THREE YEARS		FIVE YEARS		SINCE INCEPTION	
	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK
▲ PRINCIPAL INTL STOCK	-10.03	69	1.11	49	18.54	30	24.65	42	13.08	13
● MSCI NET EAFE	-8.91	52	-2.70	69	13.32	78	21.40	79	7.19	93

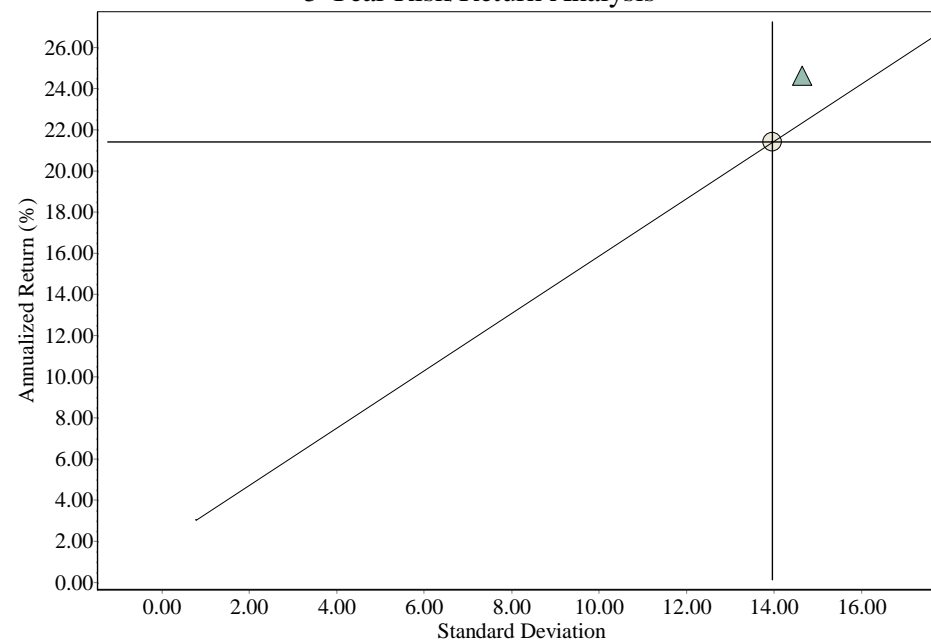
PRINCIPAL INTERNATIONAL STOCK RETURN VS RISK

3 Year Risk/Return Analysis



	Return	Std Dev	Alpha	Beta	R-Squared
▲ PRINCIPAL INTL STOCK	18.54	13.80	3.07	1.20	94.51
○ MSCI NET EAFE	13.32	11.27	0.00	1.00	100.00

5 Year Risk/Return Analysis



	Return	Std Dev	Alpha	Beta	R-Squared
▲ PRINCIPAL INTL STOCK	24.65	14.63	2.72	1.01	93.64
○ MSCI NET EAFE	21.40	13.96	0.00	1.00	100.00

**PRINCIPAL INTERNATIONAL STOCK
TOTAL FUND MARKET VALUES AND CASH FLOWS**

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 1995	N/A	0	0	N/A	-0.66
Jun 1995	N/A	0	0	N/A	9.50
Sep 1995	N/A	0	0	N/A	5.14
Dec 1995	N/A	0	0	N/A	1.88
Mar 1996	N/A	0	0	N/A	8.60
Jun 1996	N/A	0	0	N/A	4.19
Sep 1996	N/A	0	0	N/A	3.20
Dec 1996	N/A	0	0	N/A	8.40
Mar 1997	N/A	0	0	N/A	3.66
Jun 1997	N/A	0	0	N/A	10.83
Sep 1997	N/A	0	0	N/A	5.70
Dec 1997	N/A	0	0	N/A	-5.72
Mar 1998	N/A	0	0	N/A	15.53
Jun 1998	N/A	0	0	N/A	-0.26
Sep 1998	N/A	0	0	N/A	-17.09
Dec 1998	N/A	0	0	N/A	17.71
Mar 1999	N/A	0	0	N/A	3.22
Jun 1999	N/A	0	0	N/A	2.95
Sep 1999	N/A	0	0	N/A	2.66
Dec 1999	N/A	0	0	N/A	16.21
Mar 2000	N/A	0	0	N/A	3.60
Jun 2000	N/A	0	0	N/A	-1.33
Sep 2000	N/A	0	0	N/A	-9.24
Dec 2000	N/A	0	0	N/A	0.83
Mar 2001	N/A	0	0	N/A	3.60
Jun 2001	N/A	0	0	N/A	-0.75
Sep 2001	N/A	0	0	N/A	-15.01
Dec 2001	N/A	0	0	N/A	9.47

**PRINCIPAL INTERNATIONAL STOCK
TOTAL FUND MARKET VALUES AND CASH FLOWS**

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 2002	N/A	0	0	N/A	-0.48
Jun 2002	N/A	0	3,793,548	3,793,548	-1.43
Sep 2002	3,793,548	0	-691,999	3,101,549	-18.28
Dec 2002	3,101,549	0	213,601	3,315,150	6.47
Mar 2003	3,315,150	0	-257,809	3,057,341	-7.88
Jun 2003	3,057,341	0	554,222	3,611,563	17.86
Sep 2003	3,611,563	0	207,171	3,818,734	5.62
Dec 2003	3,818,734	0	685,629	4,504,363	17.72
Mar 2004	4,504,363	0	219,287	4,723,650	4.24
Jun 2004	4,723,650	0	-30,296	4,693,354	-0.77
Sep 2004	4,693,354	0	89,461	4,782,815	1.89
Dec 2004	4,782,815	0	771,942	5,554,757	15.94
Mar 2005	5,554,757	0	180,760	5,735,517	0.90
Jun 2005	5,735,517	16,823	78,107	5,830,447	1.62
Sep 2005	5,830,447	17,120	880,512	6,728,079	15.34
Dec 2005	6,728,079	14,856	387,757	7,130,692	6.01
Mar 2006	7,130,692	164,155	852,303	8,147,150	11.91
Jun 2006	8,147,150	14,729	-6,802	8,155,077	-0.08
Sep 2006	8,155,077	17,204	214,408	8,386,689	2.63
Dec 2006	8,386,689	17,024	966,633	9,370,346	11.51
Mar 2007	9,370,346	178,455	339,805	9,888,606	3.61
Jun 2007	9,888,606	15,594	878,881	10,783,081	8.88
Sep 2007	10,783,081	-51,085	513,827	11,245,823	4.77
Dec 2007	11,245,823	-119,172	-166,486	10,960,165	-1.49
Mar 2008	10,960,165	2,058,997	-1,035,046	11,984,116	-10.03

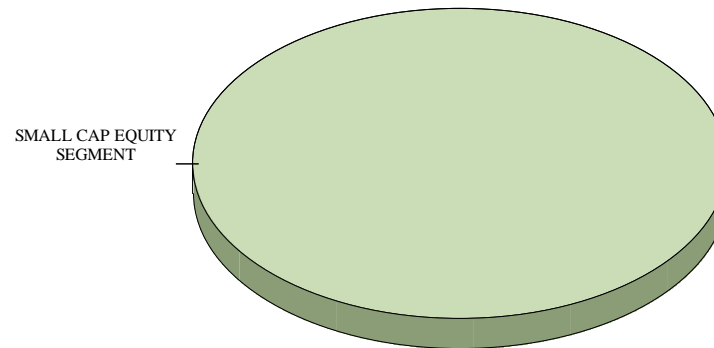
**PRINCIPAL INTERNATIONAL STOCK
QUARTERLY ASSET ALLOCATION (%)**

INTERNATIONAL EQUITY

Period Ending	Actual Weight
03/31/2006	100.00
06/30/2006	100.00
09/30/2006	100.00
12/31/2006	100.00
03/31/2007	100.00
06/30/2007	100.00

**MANNING AND NAPIER
ASSET ALLOCATION**

TOTAL MARKET VALUE
AS OF MARCH 31, 2008
\$8,437,538



	VALUE	PERCENT
 SMALL CAP EQUITY SEGMENT	8,437,538	100.00

Profile

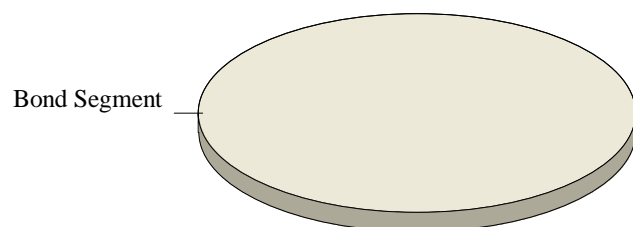
PRINCIPAL BOND AND MORTGAGE	
Style:	Core Fixed Income
Benchmark:	LB AGGREGATE BOND
Universe:	Core Fixed Income
Inception Date:	December 31, 1994

Account Reconciliation

Source	Quarter	Year to Date	12/2005 - 6/2007
Beginning Value	17,100,874	17,100,874	18,259,972
Net Flows	-632,098	-632,098	-3,246,008
Investment G/L	-299,886	-299,886	1,154,926
Ending Value	16,168,890	16,168,890	16,168,890

Asset Allocation

Total Market Value
As Of March 31, 2008
\$16,168,890



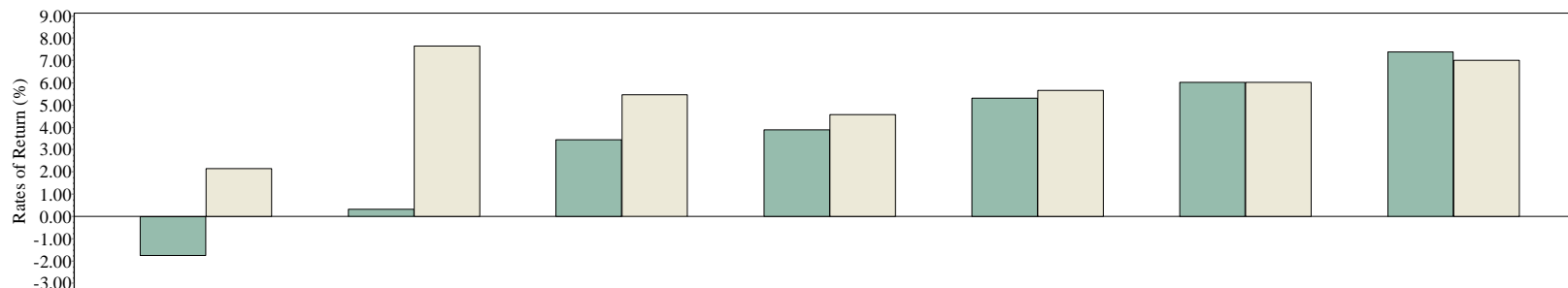
Source Of Portfolio Growth



PRINCIPAL BOND AND MORTGAGE - TOTAL FUND

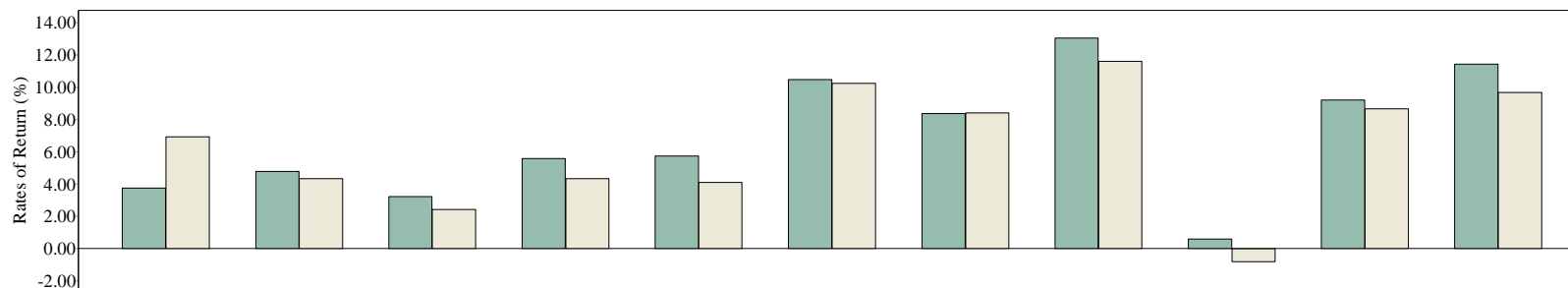
12/1994 Through 3/2008

Trailing Returns



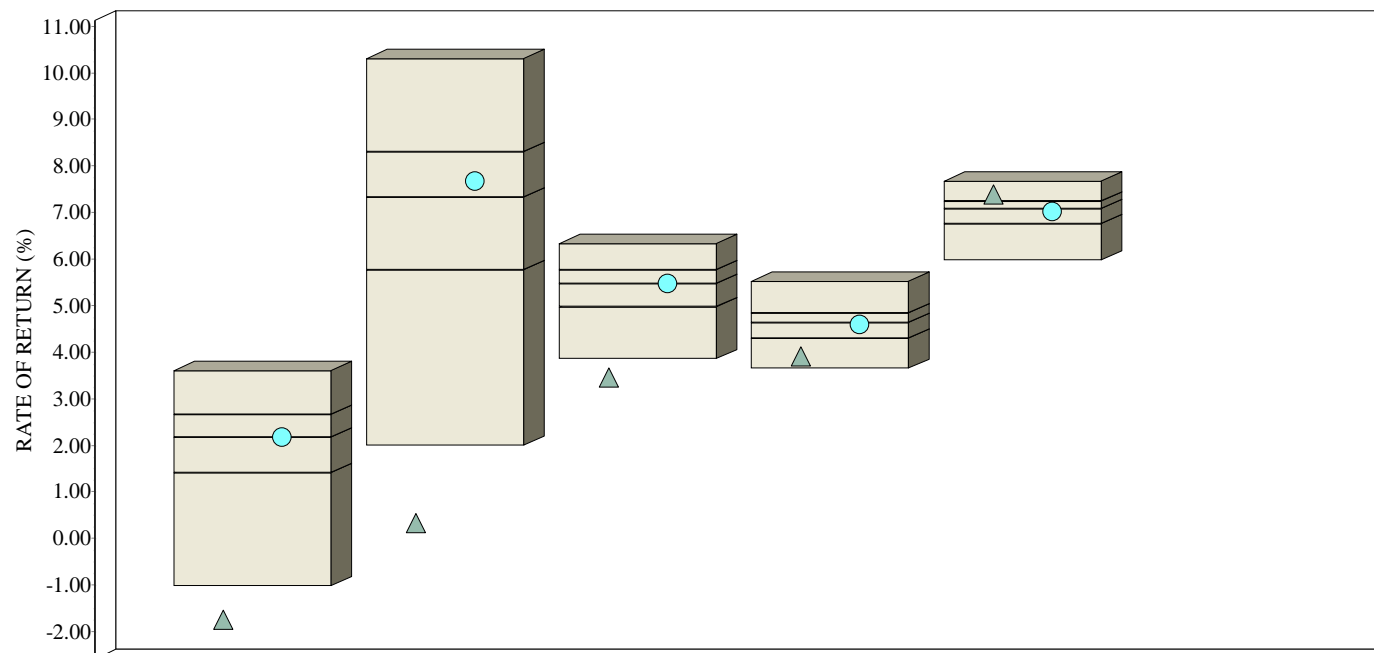
	1 Qtr	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Since Inception
TOTAL FUND	-1.75	0.33	3.45	3.91	5.32	6.04	7.39
LB AGGREGATE BOND	2.17	7.67	5.48	4.58	5.68	6.04	7.02
Difference	-3.92	-7.33	-2.03	-0.68	-0.36	0.01	0.37

Calendar Year Returns



	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
TOTAL FUND	3.77	4.79	3.24	5.60	5.76	10.50	8.39	13.09	0.60	9.23	11.44
LB AGGREGATE BOND	6.96	4.33	2.43	4.34	4.11	10.27	8.42	11.63	-0.83	8.67	9.68
Difference	-3.19	0.46	0.81	1.26	1.65	0.23	-0.04	1.46	1.43	0.55	1.76

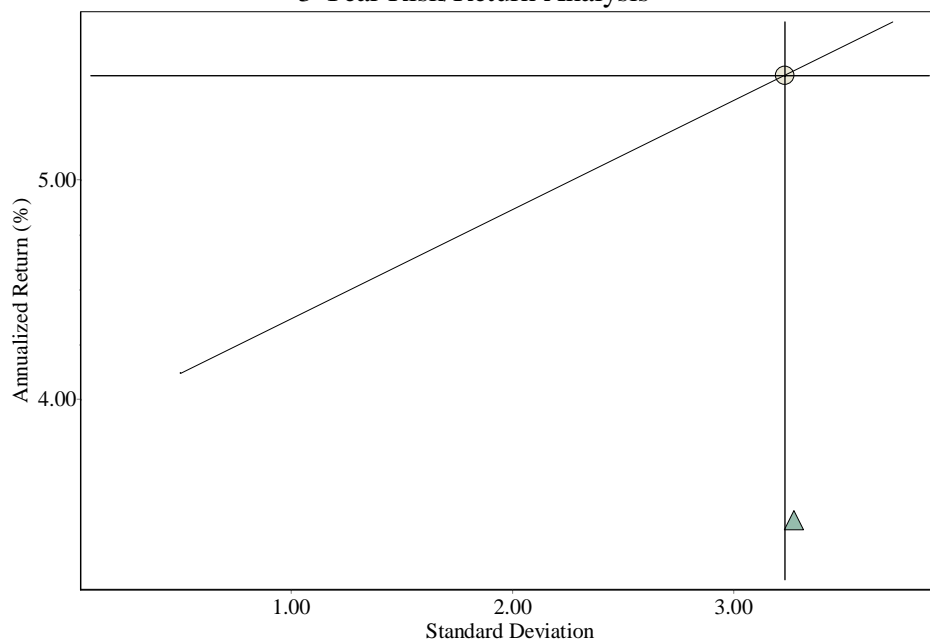
QUARTILE RANKING ANALYSIS TOTAL FUND AGAINST CORE FIXED INCOME



	LATEST QUARTER		ONE YEAR		THREE YEARS		FIVE YEARS		SINCE INCEPTION	
	HIGHEST VALUE	3.61	10.31		6.33		5.51		7.67	
	FIRST QUARTILE	2.65	8.30		5.76		4.84		7.24	
	MEDIAN VALUE	2.16	7.33		5.47		4.63		7.07	
	THIRD QUARTILE	1.41	5.77		4.98		4.29		6.75	
	LOWEST VALUE	-1.03	1.99		3.85		3.64		5.97	
	MEAN	1.90	6.98		5.35		4.56		6.99	
	LATEST QUARTER		ONE YEAR		THREE YEARS		FIVE YEARS		SINCE INCEPTION	
	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK
▲ PRINCIPAL BOND MTG	-1.75	99	0.33	99	3.45	99	3.91	92	7.39	11
● LB AGGREGATE BOND	2.17	49	7.67	42	5.48	50	4.58	53	7.02	54

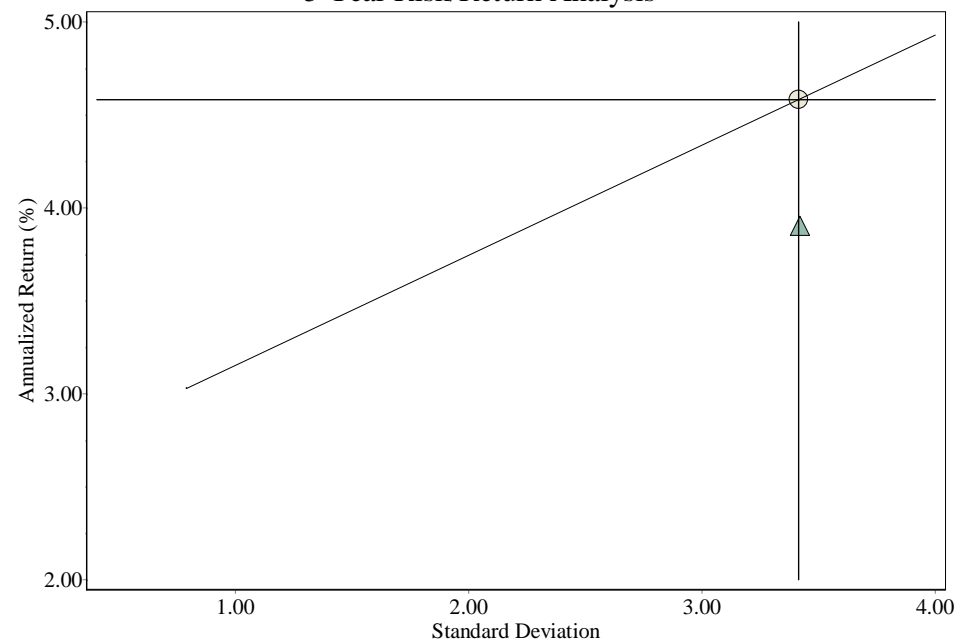
PRINCIPAL BOND AND MORTGAGE RETURN VS RISK

3 Year Risk/Return Analysis



	Return	Std Dev	Alpha	Beta	R-Squared
▲ PRINCIPAL BOND MTG	3.45	3.27	-1.49	0.66	49.76
○ LB AGGREGATE BOND	5.48	3.23	0.00	1.00	100.00

5 Year Risk/Return Analysis



	Return	Std Dev	Alpha	Beta	R-Squared
▲ PRINCIPAL BOND MTG	3.91	3.42	-0.38	0.82	67.30
○ LB AGGREGATE BOND	4.58	3.41	0.00	1.00	100.00

**PRINCIPAL BOND AND MORTGAGE
TOTAL FUND MARKET VALUES AND CASH FLOWS**

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 1995	N/A	0	0	N/A	5.28
Jun 1995	N/A	0	0	N/A	6.51
Sep 1995	N/A	0	0	N/A	2.05
Dec 1995	N/A	0	0	N/A	4.65
Mar 1996	N/A	0	0	N/A	-1.26
Jun 1996	N/A	0	0	N/A	0.66
Sep 1996	N/A	0	0	N/A	2.34
Dec 1996	N/A	0	0	N/A	3.37
Mar 1997	N/A	0	0	N/A	0.07
Jun 1997	N/A	0	0	N/A	4.35
Sep 1997	N/A	0	0	N/A	3.69
Dec 1997	N/A	0	0	N/A	2.92
Mar 1998	N/A	0	0	N/A	1.96
Jun 1998	N/A	0	0	N/A	2.52
Sep 1998	N/A	0	0	N/A	3.83
Dec 1998	N/A	0	0	N/A	0.64
Mar 1999	N/A	0	0	N/A	0.39
Jun 1999	N/A	0	0	N/A	-0.89
Sep 1999	N/A	0	0	N/A	1.07
Dec 1999	N/A	0	0	N/A	0.04
Mar 2000	N/A	0	0	N/A	2.64
Jun 2000	N/A	0	0	N/A	1.82
Sep 2000	N/A	0	0	N/A	3.43
Dec 2000	N/A	0	0	N/A	4.62
Mar 2001	N/A	0	0	N/A	2.64
Jun 2001	N/A	0	0	N/A	0.91
Sep 2001	N/A	0	0	N/A	4.74
Dec 2001	N/A	0	0	N/A	-0.09

**PRINCIPAL BOND AND MORTGAGE
TOTAL FUND MARKET VALUES AND CASH FLOWS**

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 2002	N/A	0	0	N/A	0.17
Jun 2002	N/A	0	17,507,309	17,507,309	3.76
Sep 2002	17,507,309	0	245,608	17,752,917	4.57
Dec 2002	17,752,917	0	-45,649	17,707,268	1.67
Mar 2003	17,707,268	0	-121,848	17,585,420	1.72
Jun 2003	17,585,420	0	130,200	17,715,620	2.92
Sep 2003	17,715,620	0	-384,598	17,331,022	0.06
Dec 2003	17,331,022	0	-217,931	17,113,091	0.96
Mar 2004	17,113,091	0	1,421,510	18,534,601	2.95
Jun 2004	18,534,601	0	-776,403	17,758,198	-2.12
Sep 2004	17,758,198	0	117,376	17,875,574	3.42
Dec 2004	17,875,574	0	1,188,448	19,064,022	1.33
Mar 2005	19,064,022	0	-36,191	19,027,831	-0.36
Jun 2005	19,027,831	-427,848	531,134	19,131,117	2.96
Sep 2005	19,131,117	-438,404	-63,397	18,629,316	-0.16
Dec 2005	18,629,316	-487,332	117,988	18,259,972	0.80
Mar 2006	18,259,972	80,714	-87,760	18,252,926	-0.48
Jun 2006	18,252,926	-620,233	-34,482	17,598,211	-0.19
Sep 2006	17,598,211	-527,584	673,556	17,744,183	3.91
Dec 2006	17,744,183	-535,765	266,874	17,475,292	1.53
Mar 2007	17,475,292	117,510	279,992	17,872,794	1.62
Jun 2007	17,872,794	-517,988	-150,993	17,203,813	-0.86
Sep 2007	17,203,813	-316,543	303,709	17,190,979	1.79
Dec 2007	17,190,979	-294,021	203,916	17,100,874	1.20
Mar 2008	17,100,874	-632,098	-299,886	16,168,890	-1.75

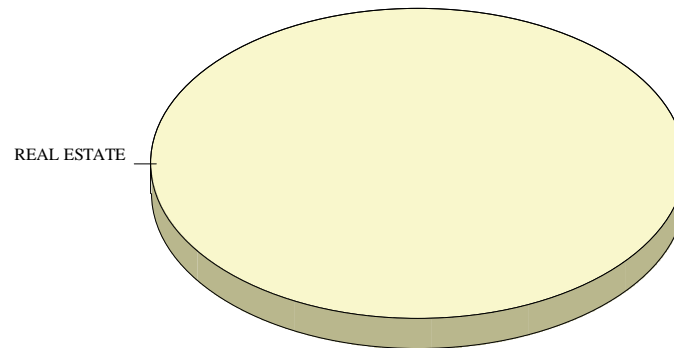
**PRINCIPAL BOND AND MORTGAGE
QUARTERLY ASSET ALLOCATION (%)**

BOND

Period Ending	Actual Weight
03/31/2006	100.00
06/30/2006	100.00
09/30/2006	100.00
12/31/2006	100.00
03/31/2007	100.00
06/30/2007	100.00
09/30/2007	100.00
12/31/2007	100.00
03/31/2008	100.00

**PRUDENTIAL
ASSET ALLOCATION**

TOTAL MARKET VALUE
AS OF MARCH 31, 2008
\$9,600,000



	VALUE	PERCENT
REAL ESTATE	9,600,000	100.00

**COMPOSITE
RISK MEASURES - TOTAL FUND**

3 Yr	Fund	Policy	Diff
Negative Periods	3.00	3.00	0.00
Positive Periods	9.00	9.00	0.00
Batting Average	58.33	41.67	16.67
Worst Qtr	-8.45	-5.35	-3.10
Best Qtr	5.79	5.30	0.48
Range	14.24	10.65	3.59
Worst 4 Qtrs	-3.78	-0.20	-3.59
Standard Deviation	7.73	5.84	1.89
Beta	1.33	1.00	0.33
Alpha	-1.62	0.00	-1.62
R-Squared	98.21	100.00	-1.79
Sharpe Ratio	0.26	0.49	-0.23
Treynor Ratio	1.51	2.84	-1.33
Tracking Error	2.07	0.00	2.07
Information Ratio	-0.33		

5 Yr	Fund	Policy	Diff
Negative Periods	5.00	4.00	1.00
Positive Periods	15.00	16.00	-1.00
Batting Average	45.00	55.00	-10.00
Worst Qtr	-8.45	-5.35	-3.10
Best Qtr	10.03	11.35	-1.32
Range	18.48	16.70	1.78
Worst 4 Qtrs	-3.78	-0.20	-3.59
Standard Deviation	8.00	7.46	0.54
Beta	1.03	1.00	0.03
Alpha	-1.38	0.00	-1.38
R-Squared	95.31	100.00	-4.69
Sharpe Ratio	0.78	1.00	-0.23
Treynor Ratio	6.01	7.48	-1.47
Tracking Error	1.76	0.00	1.76
Information Ratio	-0.65		

7 Yr	Fund	Policy	Diff
Negative Periods		8.00	
Positive Periods		20.00	
Batting Average			
Worst Qtr		-10.32	
Best Qtr		11.35	
Range		21.68	
Worst 4 Qtrs		-12.76	
Standard Deviation		9.71	
Beta		1.00	
Alpha		0.00	
R-Squared		100.00	
Sharpe Ratio		0.28	
Treynor Ratio		2.75	
Tracking Error		0.00	
Information Ratio			

Incept	Fund	Policy	Diff
Negative Periods	8.00	7.00	1.00
Positive Periods	17.00	18.00	-1.00
Batting Average	48.00	52.00	-4.00
Worst Qtr	-8.45	-10.32	1.87
Best Qtr	10.03	11.35	-1.32
Range	18.48	21.68	-3.19
Worst 4 Qtrs	-8.08	-12.76	4.67
Standard Deviation	8.74	9.30	-0.56
Beta	0.91	1.00	-0.09
Alpha	0.18	0.00	0.18
R-Squared	94.56	100.00	-5.44
Sharpe Ratio	0.37	0.36	0.01
Treynor Ratio	3.54	3.31	0.22
Tracking Error	2.18	0.00	2.18
Information Ratio	-0.07		

Past performance is not a guarantee of future results.

**PRINCIPAL LARGE CAP STOCK INDEX
RISK MEASURES - TOTAL FUND**

3 Yr	Fund	Policy	Diff
Negative Periods	3.00	3.00	0.00
Positive Periods	9.00	9.00	0.00
Batting Average	8.33	91.67	-83.33
Worst Qtr	-9.62	-9.45	-0.17
Best Qtr	6.60	6.70	-0.10
Range	16.22	16.14	0.08
Worst 4 Qtrs	-5.49	-5.08	-0.41
Standard Deviation	9.23	9.19	0.04
Beta	1.00	1.00	0.00
Alpha	-0.27	0.00	-0.27
R-Squared	99.99	100.00	-0.01
Sharpe Ratio	0.16	0.19	-0.03
Treynor Ratio	1.44	1.73	-0.29
Tracking Error	0.10	0.00	0.10
Information Ratio	-2.65		

5 Yr	Fund	Policy	Diff
Negative Periods	5.00	5.00	0.00
Positive Periods	15.00	15.00	0.00
Batting Average	20.00	80.00	-60.00
Worst Qtr	-9.62	-9.45	-0.17
Best Qtr	15.36	15.40	-0.04
Range	24.98	24.85	0.13
Worst 4 Qtrs	-5.49	-5.08	-0.41
Standard Deviation	11.14	11.13	0.01
Beta	1.00	1.00	0.00
Alpha	-0.20	0.00	-0.20
R-Squared	99.99	100.00	-0.01
Sharpe Ratio	0.73	0.75	-0.02
Treynor Ratio	8.08	8.29	-0.21
Tracking Error	0.10	0.00	0.10
Information Ratio	-1.88		

7 Yr	Fund	Policy	Diff
Negative Periods	9.00	9.00	0.00
Positive Periods	19.00	19.00	0.00
Batting Average	28.57	71.43	-42.86
Worst Qtr	-17.27	-17.28	0.01
Best Qtr	15.36	15.40	-0.04
Range	32.63	32.68	-0.05
Worst 4 Qtrs	-24.77	-24.77	0.00
Standard Deviation	15.53	15.56	-0.03
Beta	1.00	1.00	0.00
Alpha	-0.13	0.00	-0.13
R-Squared	100.00	100.00	0.00
Sharpe Ratio	0.05	0.06	-0.01
Treynor Ratio	0.83	0.96	-0.13
Tracking Error	0.11	0.00	0.11
Information Ratio	-1.21		

Incept	Fund	Policy	Diff
Negative Periods	15.00	15.00	0.00
Positive Periods	38.00	38.00	0.00
Batting Average	60.38	39.62	20.75
Worst Qtr	-17.27	-17.28	0.01
Best Qtr	21.37	21.30	0.07
Range	38.64	38.57	0.07
Worst 4 Qtrs	-26.58	-26.62	0.04
Standard Deviation	16.10	16.09	0.01
Beta	1.00	1.00	0.00
Alpha	0.06	0.00	0.06
R-Squared	99.99	100.00	-0.01
Sharpe Ratio	0.40	0.39	0.00
Treynor Ratio	6.37	6.31	0.06
Tracking Error	0.14	0.00	0.14
Information Ratio	0.43		

Past performance is not a guarantee of future results.

PRINCIPAL INTERNATIONAL STOCK RISK MEASURES - TOTAL FUND

3 Yr	Fund	Policy	Diff
Negative Periods	3.00	3.00	0.00
Positive Periods	9.00	9.00	0.00
Batting Average	66.67	33.33	33.33
Worst Qtr	-10.03	-8.91	-1.12
Best Qtr	15.34	10.38	4.96
Range	25.37	19.28	6.09
Worst 4 Qtrs	1.11	-2.70	3.81
Standard Deviation	13.80	11.27	2.53
Beta	1.20	1.00	0.20
Alpha	3.07	0.00	3.07
R-Squared	94.51	100.00	-5.49
Sharpe Ratio	1.04	0.82	0.23
Treynor Ratio	11.98	9.20	2.78
Tracking Error	3.87	0.00	3.87
Information Ratio	1.28		

5 Yr	Fund	Policy	Diff
Negative Periods	4.00	5.00	-1.00
Positive Periods	16.00	15.00	1.00
Batting Average	60.00	40.00	20.00
Worst Qtr	-10.03	-8.91	-1.12
Best Qtr	17.86	19.27	-1.41
Range	27.89	28.18	-0.29
Worst 4 Qtrs	1.11	-2.70	3.81
Standard Deviation	14.63	13.96	0.67
Beta	1.01	1.00	0.01
Alpha	2.72	0.00	2.72
R-Squared	93.64	100.00	-6.36
Sharpe Ratio	1.48	1.32	0.16
Treynor Ratio	21.44	18.37	3.06
Tracking Error	3.71	0.00	3.71
Information Ratio	0.77		

7 Yr	Fund	Policy	Diff
Negative Periods	10.00	10.00	0.00
Positive Periods	18.00	18.00	0.00
Batting Average	64.29	35.71	28.57
Worst Qtr	-18.28	-19.73	1.45
Best Qtr	17.86	19.27	-1.41
Range	36.14	39.01	-2.87
Worst 4 Qtrs	-21.00	-23.22	2.23
Standard Deviation	17.97	17.32	0.65
Beta	1.02	1.00	0.02
Alpha	2.38	0.00	2.38
R-Squared	96.54	100.00	-3.46
Sharpe Ratio	0.51	0.37	0.13
Treynor Ratio	8.92	6.48	2.45
Tracking Error	3.34	0.00	3.34
Information Ratio	0.74		

Incept	Fund	Policy	Diff
Negative Periods	16.00	20.00	-4.00
Positive Periods	37.00	33.00	4.00
Batting Average	64.15	35.85	28.30
Worst Qtr	-18.28	-19.73	1.45
Best Qtr	17.86	20.65	-2.79
Range	36.14	40.38	-4.24
Worst 4 Qtrs	-21.00	-28.54	7.54
Standard Deviation	16.58	16.87	-0.29
Beta	0.90	1.00	-0.10
Alpha	5.91	0.00	5.91
R-Squared	83.97	100.00	-16.03
Sharpe Ratio	0.55	0.19	0.36
Treynor Ratio	10.24	3.29	6.95
Tracking Error	6.86	0.00	6.86
Information Ratio	0.78		

Past performance is not a guarantee of future results.

**PRINCIPAL BOND AND MORTGAGE
RISK MEASURES - TOTAL FUND**

3 Yr	Fund	Policy	Diff
Negative Periods	5.00	4.00	1.00
Positive Periods	7.00	8.00	-1.00
Batting Average	50.00	50.00	0.00
Worst Qtr	-1.75	-0.68	-1.07
Best Qtr	3.91	3.81	0.10
Range	5.66	4.48	1.18
Worst 4 Qtrs	-0.04	-0.81	0.77
Standard Deviation	3.27	3.23	0.04
Beta	0.66	1.00	-0.34
Alpha	-1.49	0.00	-1.49
R-Squared	49.76	100.00	-50.24
Sharpe Ratio	-0.20	0.42	-0.63
Treynor Ratio	-1.02	1.36	-2.38
Tracking Error	2.52	0.00	2.52
Information Ratio	-0.78		

5 Yr	Fund	Policy	Diff
Negative Periods	7.00	7.00	0.00
Positive Periods	13.00	13.00	0.00
Batting Average	70.00	30.00	40.00
Worst Qtr	-2.12	-2.44	0.32
Best Qtr	3.91	3.81	0.10
Range	6.03	6.24	-0.22
Worst 4 Qtrs	-0.04	-0.81	0.77
Standard Deviation	3.42	3.41	0.01
Beta	0.82	1.00	-0.18
Alpha	-0.38	0.00	-0.38
R-Squared	67.30	100.00	-32.70
Sharpe Ratio	0.26	0.46	-0.20
Treynor Ratio	1.06	1.56	-0.49
Tracking Error	2.09	0.00	2.09
Information Ratio	-0.32		

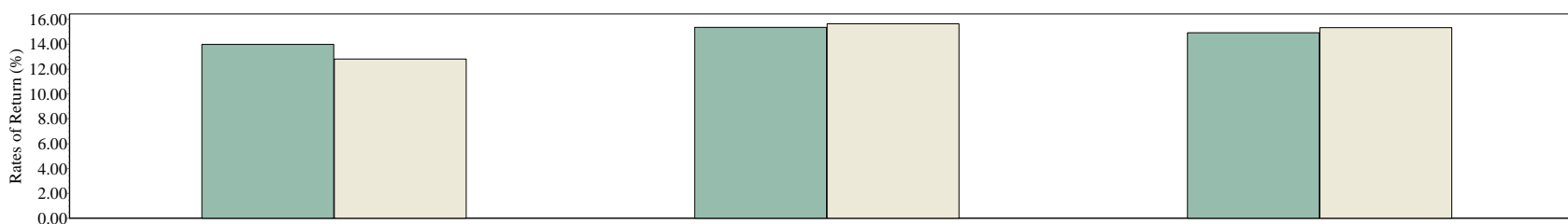
7 Yr	Fund	Policy	Diff
Negative Periods	8.00	7.00	1.00
Positive Periods	20.00	21.00	-1.00
Batting Average	71.43	28.57	42.86
Worst Qtr	-2.12	-2.44	0.32
Best Qtr	4.74	4.62	0.12
Range	6.86	7.05	-0.19
Worst 4 Qtrs	-0.04	-0.81	0.77
Standard Deviation	3.65	3.59	0.06
Beta	0.91	1.00	-0.09
Alpha	-0.07	0.00	-0.07
R-Squared	78.60	100.00	-21.40
Sharpe Ratio	0.71	0.82	-0.11
Treynor Ratio	2.86	2.95	-0.09
Tracking Error	1.78	0.00	1.78
Information Ratio	-0.20		

Incept	Fund	Policy	Diff
Negative Periods	10.00	12.00	-2.00
Positive Periods	43.00	41.00	2.00
Batting Average	77.36	22.64	54.72
Worst Qtr	-2.12	-2.44	0.32
Best Qtr	6.51	6.09	0.42
Range	8.63	8.53	0.10
Worst 4 Qtrs	-0.04	-0.83	0.79
Standard Deviation	3.90	3.82	0.08
Beta	0.94	1.00	-0.06
Alpha	0.54	0.00	0.54
R-Squared	86.77	100.00	-13.23
Sharpe Ratio	0.90	0.82	0.08
Treynor Ratio	3.72	3.12	0.60
Tracking Error	1.40	0.00	1.40
Information Ratio	0.25		

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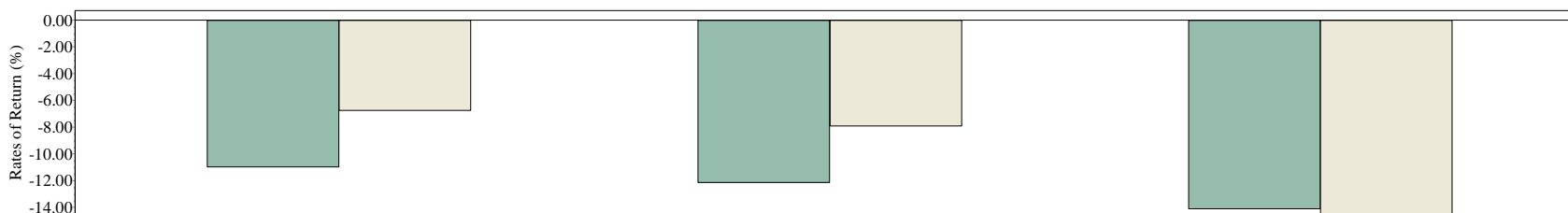
COMPOSITE TOTAL FUND PERFORMANCE IN RISING AND DECLINING MARKETS

Performance in Rising Markets



	3 Yr	5 Yr	Inception
TOTAL FUND	14.00	15.36	14.95
POLICY INDEX	12.84	15.66	15.34
Difference	1.17	-0.30	-0.39
Ratio	1.09	0.98	0.97
Up Periods	9	16	18

Performance in Declining Markets



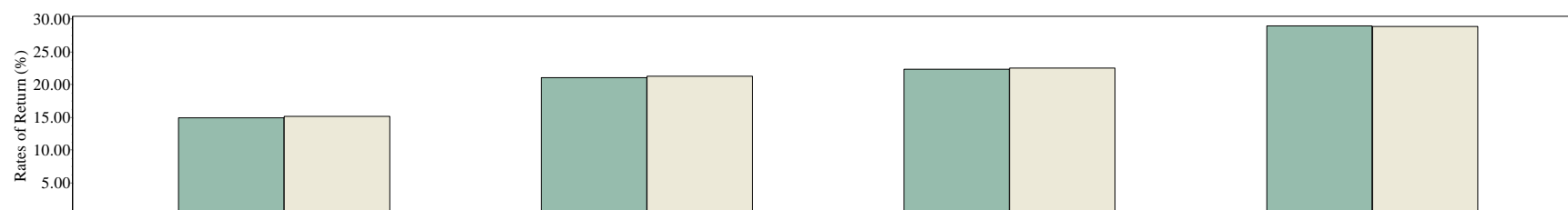
	3 Yr	5 Yr	Inception
TOTAL FUND	-10.99	-12.15	-14.12
POLICY INDEX	-6.76	-7.92	-14.60
Difference	-4.23	-4.23	0.48
Ratio	1.63	1.53	0.97
Down Periods	3	4	7

The comparative index for this analysis is the POLICY INDEX.

PRINCIPAL LARGE CAP STOCK INDEX

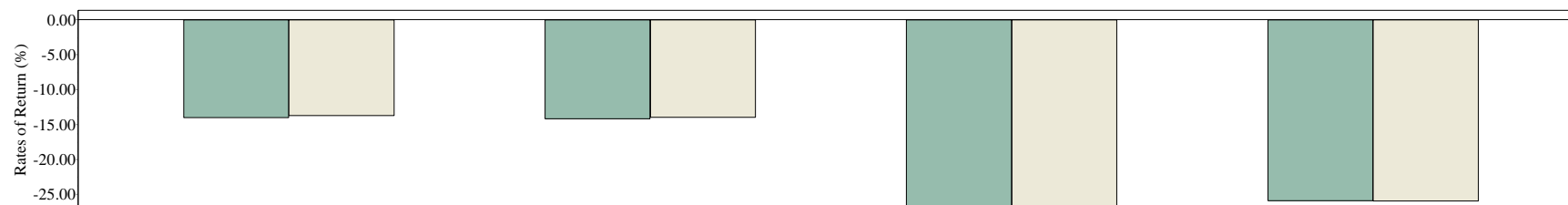
TOTAL FUND PERFORMANCE IN RISING AND DECLINING MARKETS

Performance in Rising Markets



	3 Yr	5 Yr	7 Yr	Inception
TOTAL FUND	14.96	21.12	22.39	29.01
S&P 500	15.19	21.31	22.57	28.94
Difference	-0.23	-0.19	-0.18	0.07
Ratio	0.99	0.99	0.99	1.00
Up Periods	9	15	19	38

Performance in Declining Markets

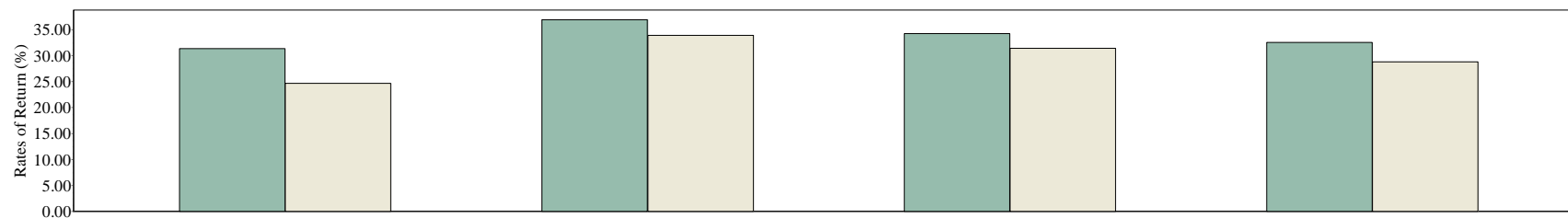


	3 Yr	5 Yr	7 Yr	Inception
TOTAL FUND	-14.03	-14.20	-27.21	-25.90
S&P 500	-13.72	-13.98	-27.14	-25.94
Difference	-0.30	-0.22	-0.07	0.05
Ratio	1.02	1.02	1.00	1.00
Down Periods	3	5	9	15

The comparative index for this analysis is the S&P 500.

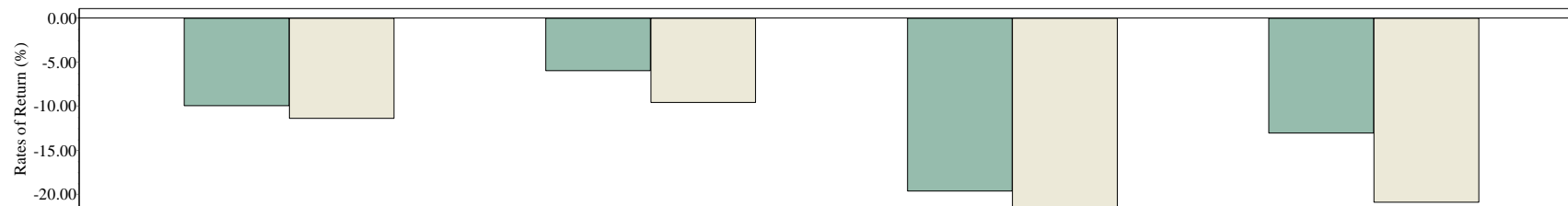
PRINCIPAL INTERNATIONAL STOCK TOTAL FUND PERFORMANCE IN RISING AND DECLINING MARKETS

Performance in Rising Markets



	3 Yr	5 Yr	7 Yr	Inception
TOTAL FUND	31.42	36.93	34.30	32.62
MSCI NET EAFE	24.67	33.92	31.44	28.88
Difference	6.75	3.01	2.85	3.74
Ratio	1.27	1.09	1.09	1.13
Up Periods	9	15	18	33

Performance in Declining Markets

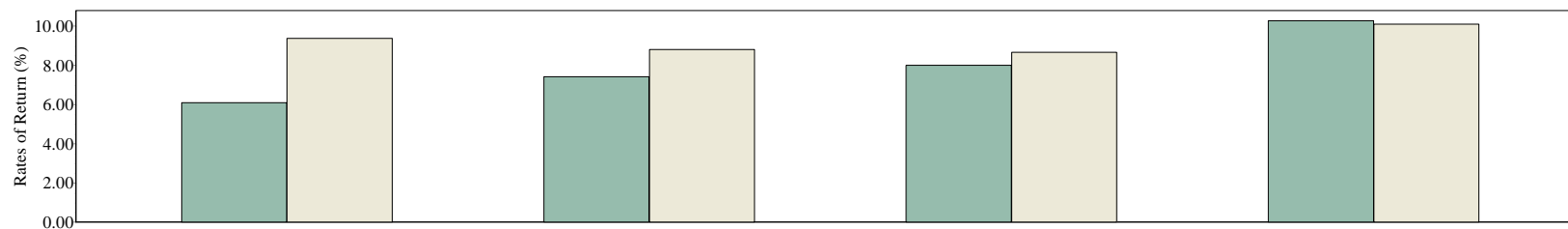


	3 Yr	5 Yr	7 Yr	Inception
TOTAL FUND	-9.93	-5.97	-19.60	-13.07
MSCI NET EAFE	-11.40	-9.56	-21.77	-20.91
Difference	1.47	3.59	2.16	7.84
Ratio	0.87	0.62	0.90	0.63
Down Periods	3	5	10	20

The comparative index for this analysis is the MSCI NET EAFE.

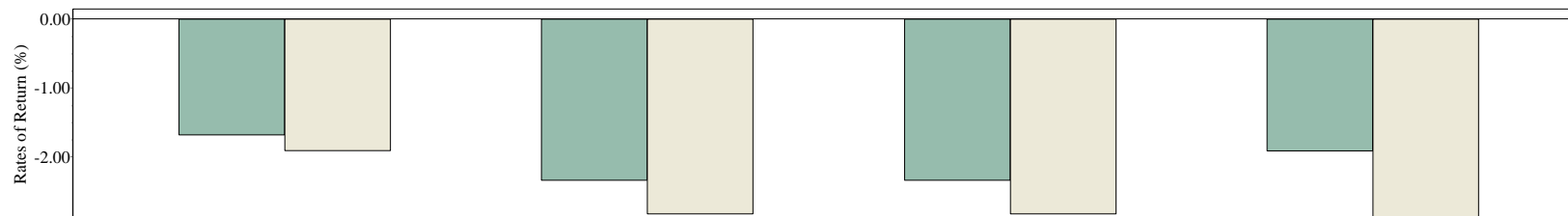
PRINCIPAL BOND AND MORTGAGE TOTAL FUND PERFORMANCE IN RISING AND DECLINING MARKETS

Performance in Rising Markets



	3 Yr	5 Yr	7 Yr	Inception
TOTAL FUND	6.12	7.43	8.01	10.28
LB AGGREGATE BOND	9.38	8.81	8.68	10.12
Difference	-3.26	-1.37	-0.67	0.16
Ratio	0.65	0.84	0.92	1.02
Up Periods	8	13	21	41

Performance in Declining Markets



	3 Yr	5 Yr	7 Yr	Inception
TOTAL FUND	-1.69	-2.34	-2.34	-1.92
LB AGGREGATE BOND	-1.91	-2.83	-2.83	-2.92
Difference	0.22	0.49	0.49	1.00
Ratio	0.88	0.83	0.83	0.66
Down Periods	4	7	7	12

The comparative index for this analysis is the LB AGGREGATE BOND.

**COMPOSITE
TOTAL FUND TIME WEIGHTED RATES OF RETURN**

DATE	ACCOUNT						POLICY INDEX			
	QUARTERLY	SEMI	ANNUALLY	ANNUALLY	SINCE	12/2001	QUARTERLY	SEMI	ANNUALLY	SINCE
03/2002	0.28					0.28	0.32			0.32
06/2002	-3.50	*	-3.23	*		-3.23	-5.91	-5.61		-5.61
09/2002	-7.84	*				-10.82	-10.32			-15.36
12/2002	5.39		-2.87	*	-6.01	* -6.01	5.88	-5.05	-10.38	-10.38
03/2003	-1.93	*				-6.31	-2.34			-10.11
06/2003	10.03		7.91			0.95	11.35	8.74		-1.70
09/2003	1.36					1.59	2.51			-0.06
12/2003	7.79		9.26		17.89	5.27	8.65	11.38	21.12	4.19
03/2004	2.56	*				5.85	2.43			4.83
06/2004	-0.23		2.32			5.15	0.03	2.46		4.34
09/2004	0.45	*				4.84	0.14			3.99
12/2004	6.74		7.22		9.71	6.73	7.18	7.33	9.97	6.08
03/2005	-1.31					5.76	-1.25			5.19
06/2005	1.99	*	0.65	*		5.94	1.60	0.33		5.29
09/2005	3.53	*				6.51	3.11			5.79
12/2005	2.14	*	5.74	*	6.43	* 6.65	1.88	5.05	5.40	5.91
03/2006	3.59	*				7.14	3.26			6.35
06/2006	-0.88		2.67	*		6.52	-0.62	2.62		5.84
09/2006	4.64					7.18	4.76			6.56
12/2006	5.79	*	10.69	*	13.65	* 8.02	5.30	10.31	13.20	7.33
03/2007	1.36					7.90	1.47			7.27
06/2007	4.65	*	6.07	*		8.42	3.90	5.43		7.67
09/2007	2.38	*				8.48	2.37			7.76
12/2007	-1.90		0.43		6.52	7.77	-0.87	1.48	6.99	7.27
03/2008	-8.45					5.94	-5.35			6.04

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE POLICY INDEX.

**COMPOSITE
TOTAL FUND TIME WEIGHTED RATES OF RETURN**

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET
ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

01/31/1995 - PRESENT

50%	S&P 500
35%	LB AGGREGATE BOND
15%	MSCI NET EAFE

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE POLICY INDEX.

**PRINCIPAL LARGE CAP STOCK INDEX
TOTAL FUND TIME WEIGHTED RATES OF RETURN**

DATE	ACCOUNT						S&P 500			
	QUARTERLY	SEMI	ANNUALLY	ANNUALLY	SINCE	12/1994	QUARTERLY	SEMI	ANNUALLY	SINCE
03/1995	9.80	*			9.80	*	9.74			9.74
06/1995	9.62	*	20.36	*	20.36	*	9.55	20.21		20.21
09/1995	8.01	*			30.00	*	7.95			29.77
12/1995	6.11	*	14.61	*	37.95	*	6.02	14.45	37.58	37.58
03/1996	5.40	*			34.91	*	5.37			34.59
06/1996	4.58	*	10.23	*	32.23	*	4.49	10.10		31.89
09/1996	3.17	*			29.34	*	3.09			29.00
12/1996	8.42	*	11.86	*	23.30	*	8.34	11.68	22.96	30.06
03/1997	2.77	*			28.17	*	2.68			27.81
06/1997	17.49	*	20.74	*	33.36	*	17.46	20.61		33.01
09/1997	7.58	*			33.41	*	7.49			33.05
12/1997	2.96	*	10.76	*	33.74	*	2.87	10.58	33.36	31.15
03/1998	14.01	*			34.07	*	13.95			33.71
06/1998	3.37	*	17.85	*	32.54	*	3.31	17.72		32.19
09/1998	-9.83	*			26.54	*	-9.95			26.18
12/1998	21.37	*	9.44	*	28.98	*	21.30	9.23	28.58	30.51
03/1999	5.04	*			30.32	*	4.98			29.96
06/1999	7.12	*	12.52	*	30.39	*	7.05	12.38		30.03
09/1999	-6.15	*			26.88	*	-6.25			26.52
12/1999	14.97	*	7.90	*	21.41	*	14.88	7.70	21.04	28.56
03/2000	2.34	*			27.94	*	2.29			27.58
06/2000	-2.58	*	-0.30	*	25.91	*	-2.66	-0.42		25.56
09/2000	-0.92	*			24.46	*	-0.97			24.11
12/2000	-7.71	*	-8.56	*	-8.83	*	-7.83	-8.72	-9.11	21.34
03/2001	-11.90				18.31	*	-11.86			18.00
06/2001	5.73		-6.85		18.56	*	5.86	-6.69		18.28
09/2001	-14.59	*			15.10	*	-14.68			14.81

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE S&P 500.

**PRINCIPAL LARGE CAP STOCK INDEX
TOTAL FUND TIME WEIGHTED RATES OF RETURN**

DATE	ACCOUNT						S&P 500				
	QUARTERLY	SEMI	ANNUALLY	ANNUALLY	ANNUALLY	SINCE	QUARTERLY	SEMI	ANNUALLY	SINCE	
						12/1994				12/1994	
12/2001	10.74	*	-5.42	*	-11.90	16.20	*	10.69	-5.56	-11.88	15.92
03/2002	0.25					15.64	*	0.27			15.37
06/2002	-13.39	*	-13.17			12.90	*	-13.40	-13.16		12.64
09/2002	-17.27	*				9.74	*	-17.28			9.50
12/2002	8.42		-10.30		-22.12	10.53	*	8.43	-10.30	-22.11	10.30
03/2003	-3.16					9.77	*	-3.15			9.55
06/2003	15.36		11.71			11.33	*	15.40	11.77		11.11
09/2003	2.63					11.31	*	2.64			11.11
12/2003	12.10		15.05		28.53	12.40	*	12.18	15.14	28.69	12.21
03/2004	1.67					12.25	*	1.70			12.06
06/2004	1.72	*	3.42			12.11	*	1.71	3.44		11.93
09/2004	-1.87	*				11.56	*	-1.87			11.39
12/2004	9.21		7.17		10.83	12.24	*	9.23	7.19	10.87	12.07
03/2005	-2.12	*				11.69	*	-2.15			11.52
06/2005	1.37	*	-0.78	*		11.54	*	1.36	-0.82		11.38
09/2005	3.59					11.63	*	3.61			11.47
12/2005	2.08		5.74		4.92	11.56	*	2.09	5.77	4.90	11.40
03/2006	4.11					11.69	*	4.21			11.54
06/2006	-1.50		2.55			11.27	*	-1.44	2.71		11.14
09/2006	5.60					11.53	*	5.67			11.41
12/2006	6.60		12.57		15.44	11.87	*	6.70	12.74	15.80	11.76
03/2007	0.61					11.67	*	0.64			11.56
06/2007	6.20		6.84			11.97	*	6.28	6.96		11.86
09/2007	1.96					11.89	*	2.03			11.79
12/2007	-3.43		-1.53		5.21	11.35	*	-3.33	-1.37	5.49	11.26

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE S&P 500.

**PRINCIPAL LARGE CAP STOCK INDEX
 TOTAL FUND TIME WEIGHTED RATES OF RETURN**

DATE	ACCOUNT				S&P 500			
	QUARTERLY	SEMI ANNUALLY	ANNUALLY	SINCE 12/1994	QUARTERLY	SEMI ANNUALLY	ANNUALLY	SINCE 12/1994
03/2008	-9.62			10.28 *	-9.45			10.21

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET
 ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

12/31/1994 - PRESENT
 100% S&P 500

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE S&P 500.

**PRINCIPAL INTERNATIONAL STOCK
TOTAL FUND TIME WEIGHTED RATES OF RETURN**

DATE	ACCOUNT					MSCI NET EAFE				
	QUARTERLY	SEMI ANNUALLY	ANNUALLY		SINCE 12/1994	QUARTERLY	SEMI ANNUALLY	ANNUALLY		SINCE 12/1994
03/1995	-0.66				-0.66	1.87				1.87
06/1995	9.50	*	8.78	*	8.78	0.73	2.61			2.61
09/1995	5.14	*			14.37	4.18				6.90
12/1995	1.88		7.12		16.52	4.05	8.39	11.22		11.22
03/1996	8.60	*			20.72	2.89				11.39
06/1996	4.19	*	13.15	*	20.24	1.59	4.52			10.56
09/1996	3.20	*			19.24	-0.12				8.91
12/1996	8.40	*	11.87	*	21.45	1.59	1.47	6.06		8.61
03/1997	3.66	*			20.77	-1.56				6.87
06/1997	10.83		14.89	*	23.48	12.97	11.21			11.47
09/1997	5.70	*			23.61	-0.70				10.09
12/1997	-5.72	*	-0.35	*	19.08	-7.84	-8.48	1.77		6.28
03/1998	15.53	*			22.83	14.71				10.35
06/1998	-0.26		15.23		20.95	1.07	15.94			9.91
09/1998	-17.09				13.60	-14.22				4.84
12/1998	17.71		-2.41		17.39	20.65	3.49	19.99		9.55
03/1999	3.22	*			17.16	1.39				9.32
06/1999	2.95	*	6.26	*	16.88	2.54	3.96			9.39
09/1999	2.66				16.57	4.39				9.86
12/1999	16.21		19.30		19.21	16.99	22.13	26.97		12.83
03/2000	3.60	*			19.01	-0.10				12.16
06/2000	-1.33	*	2.22	*	17.79	-3.96	-4.06			10.76
09/2000	-9.24				15.00	-8.06				8.67
12/2000	0.83	*	-8.49	*	14.49	-2.69	-10.53	-14.16		7.81
03/2001	3.60	*			14.52	-13.71				4.98
06/2001	-0.75	*	2.82	*	13.79	-1.05	-14.61			4.61
09/2001	-15.01				10.55	-14.00				2.13

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE MSCI NET EAFE.

**PRINCIPAL INTERNATIONAL STOCK
TOTAL FUND TIME WEIGHTED RATES OF RETURN**

DATE	ACCOUNT							MSCI NET EAFE				
	QUARTERLY	SEMI	ANNUALLY	ANNUALLY		SINCE		QUARTERLY	SEMI	ANNUALLY	SINCE	
						12/1994					12/1994	
12/2001	9.47	*	-6.96	*	-4.33	*	11.59	*	6.98	-7.99	-21.44	3.04
03/2002	-0.48						11.09	*	0.51			3.01
06/2002	-1.43	*	-1.90				10.49	*	-2.12	-1.62		2.61
09/2002	-18.28	*					7.31	*	-19.73			-0.34
12/2002	6.47	*	-12.99	*	-14.65	*	7.91	*	6.45	-14.56	-15.94	0.45
03/2003	-7.88	*					6.60	*	-8.20			-0.60
06/2003	17.86		8.57				8.47	*	19.27	9.49		1.50
09/2003	5.62						8.90	*	8.12			2.37
12/2003	17.72	*	24.34		34.99		10.63	*	17.08	26.59	38.60	4.11
03/2004	4.24						10.82	*	4.34			4.48
06/2004	-0.77		3.44				10.44	*	0.22	4.56		4.38
09/2004	1.89	*					10.37	*	-0.28			4.23
12/2004	15.94	*	18.13	*	22.19	*	11.74	*	15.32	15.00	20.24	5.62
03/2005	0.90	*					11.53	*	-0.17			5.46
06/2005	1.62	*	2.53	*			11.41	*	-1.01	-1.17		5.23
09/2005	15.34	*					12.62	*	10.38			6.07
12/2005	6.01	*	22.27	*	25.37	*	12.91	*	4.08	14.88	13.54	6.32
03/2006	11.91	*					13.74	*	9.40			7.02
06/2006	-0.08		11.81	*			13.41	*	0.70	10.16		6.93
09/2006	2.63						13.36	*	3.93			7.13
12/2006	11.51	*	14.44		27.96	*	14.09	*	10.35	14.69	26.34	7.86
03/2007	3.61						14.12	*	4.08			8.04
06/2007	8.88	*	12.81	*			14.59	*	6.40	10.74		8.41
09/2007	4.77	*					14.71	*	2.18			8.42
12/2007	-1.49	*	3.21	*	16.43	*	14.27	*	-1.75	0.39	11.17	8.11

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE MSCI NET EAFE.

**PRINCIPAL INTERNATIONAL STOCK
 TOTAL FUND TIME WEIGHTED RATES OF RETURN**

DATE	ACCOUNT				MSCI NET EAFE			
	QUARTERLY	SEMI ANNUALLY	ANNUALLY	SINCE 12/1994	QUARTERLY	SEMI ANNUALLY	ANNUALLY	SINCE 12/1994
03/2008	-10.03			13.08 *	-8.91			7.19

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET
 ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

12/31/1994 - PRESENT
 100% MSCI NET EAFE

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE MSCI NET EAFE.

PRINCIPAL BOND AND MORTGAGE TOTAL FUND TIME WEIGHTED RATES OF RETURN

DATE	ACCOUNT						LB AGGREGATE BOND			
	QUARTERLY	SEMI	ANNUALLY	ANNUALLY	SINCE	12/1994	QUARTERLY	SEMI	ANNUALLY	SINCE
03/1995	5.28	*			5.28	*	5.04			5.04
06/1995	6.51	*	12.13	*	12.13	*	6.09	11.44		11.44
09/1995	2.05	*			14.43	*	1.96			13.63
12/1995	4.65	*	6.80	*	19.75	*	4.26	6.31	18.47	18.47
03/1996	-1.26	*			14.35	*	-1.77			12.89
06/1996	0.66	*	-0.61	*	12.31	*	0.57	-1.21		11.06
09/1996	2.34	*			11.93	*	1.85			10.55
12/1996	3.37	*	5.79	*	5.15	*	3.00	4.90	3.63	10.80
03/1997	0.07	*			10.82	*	-0.56			9.27
06/1997	4.35	*	4.42	*	11.57	*	3.68	3.10		9.89
09/1997	3.69	*			11.93	*	3.33			10.26
12/1997	2.92		6.72	*	11.44	*	2.95	6.38	9.68	10.43
03/1998	1.96	*			11.65	*	1.54			10.10
06/1998	2.52	*	4.53	*	11.57	*	2.34	3.92		10.07
09/1998	3.83				11.87	*	4.23			10.59
12/1998	0.64	*	4.49		9.23	*	0.34	4.58	8.67	9.99
03/1999	0.39	*			10.67	*	-0.51			9.24
06/1999	-0.89		-0.50	*	9.83	*	-0.88	-1.38		8.49
09/1999	1.07	*			9.53	*	0.68			8.18
12/1999	0.04	*	1.11	*	0.60	*	-0.12	0.56	-0.83	7.73
03/2000	2.64	*			9.14	*	2.21			7.80
06/2000	1.82	*	4.51	*	9.06	*	1.73	3.98		7.77
09/2000	3.43	*			9.29	*	3.02			7.97
12/2000	4.62	*	8.21	*	13.09	*	4.21	7.36	11.63	8.37
03/2001	2.64				9.76	*	3.03			8.54
06/2001	0.91	*	3.57		9.52	*	0.56	3.60		8.29
09/2001	4.74	*			9.90	*	4.62			8.70

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE LB AGGREGATE BOND.

**PRINCIPAL BOND AND MORTGAGE
TOTAL FUND TIME WEIGHTED RATES OF RETURN**

DATE	ACCOUNT					LB AGGREGATE BOND				
	QUARTERLY	SEMI ANNUALLY	ANNUALLY		SINCE 12/1994	QUARTERLY	SEMI ANNUALLY	ANNUALLY		SINCE 12/1994
12/2001	-0.09	4.65	8.39		9.52 *	0.04	4.65	8.42		8.38
03/2002	0.17	*			9.20 *	0.10				8.09
06/2002	3.76	*	3.94	*	9.42 *	3.70	3.80			8.34
09/2002	4.57				9.73 *	4.59				8.69
12/2002	1.67	*	6.32	*	10.50 *	1.57	6.23	10.27		8.61
03/2003	1.72	*			9.56 *	1.39				8.52
06/2003	2.92	*	4.69	*	9.64 *	2.50	3.92			8.58
09/2003	0.06	*			9.36 *	-0.14				8.30
12/2003	0.96	*	1.02	*	5.76 *	0.32	0.18	4.11		8.10
03/2004	2.95	*			9.29 *	2.65				8.18
06/2004	-2.12	*	0.77	*	8.79 *	-2.44	0.15			7.68
09/2004	3.42	*			8.93 *	3.20				7.82
12/2004	1.33	*	4.80	*	5.60 *	0.95	4.18	4.34		7.72
03/2005	-0.36	*			8.57 *	-0.48				7.48
06/2005	2.96		2.59	*	8.66 *	3.01	2.52			7.60
09/2005	-0.16	*			8.44 *	-0.68				7.34
12/2005	0.80	*	0.64	*	3.24 *	0.59	-0.09	2.43		7.23
03/2006	-0.48	*			8.08 *	-0.64				7.00
06/2006	-0.19		-0.67	*	7.88 *	-0.08	-0.72			6.84
09/2006	3.91	*			8.06 *	3.81				7.03
12/2006	1.53	*	5.50	*	4.79 *	1.24	5.09	4.33		6.98
03/2007	1.62	*			7.99 *	1.50				6.97
06/2007	-0.86		0.74		7.75 *	-0.52	0.97			6.78
09/2007	1.79				7.74 *	2.85				6.88
12/2007	1.20		3.01		3.77 *	3.00	5.94	6.96		6.98

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE LB AGGREGATE BOND.

**PRINCIPAL BOND AND MORTGAGE
 TOTAL FUND TIME WEIGHTED RATES OF RETURN**

DATE	ACCOUNT				LB AGGREGATE BOND			
	QUARTERLY	SEMI ANNUALLY	ANNUALLY	SINCE 12/1994	QUARTERLY	SEMI ANNUALLY	ANNUALLY	SINCE 12/1994
03/2008	-1.75			7.39 *	2.17			7.02

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET
 ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

12/31/1994 - PRESENT
 100% LB AGGREGATE BOND

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE LB AGGREGATE BOND.

**COMPOSITE
TOTAL FUND POLICY INDEX**

TOTAL FUND BENCHMARK

01/31/1995 - Present

50% S&P 500

35% LB AGGREGATE BOND

15% MSCI NET EAFE

COMPOSITE RISK MEASURES REPORT EXPLANATION

The evaluation of a fund's performance should extend beyond return to encompass measures of risk. The following page is used to determine the level of risk to which the fund has been exposed, and whether the return has been commensurate with the risk taken. All measures are calculated for both the fund and the policy as well as the difference between the two. Up to four time periods are evaluated depending on the age of the fund.

Of Negative Qtrs/# Of Positive Qtrs: Number of negative quarters shows the number of quarters in which the return was less than zero, and the number of positive quarters is the number of quarterly returns which were greater or equal to zero.

Batting Average: The batting average is a measure of consistency. It shows the percent of the quarters the fund has beaten the policy and the percent of the quarters the policy has beat the fund. A high average for the fund (e.g. over 50) is desirable, indicating the fund has beaten the policy frequently.

Worst Quarter/Best Quarter/Range: The worst quarter is the lowest quarterly return experienced during the period, a measure of downside risk. The best quarter is the highest quarterly return, and the range is the difference of the high and low, and indicates dispersion.

Worst 4 Quarters: The four consecutive quarters during which the portfolio realized its worst cumulative performance since its inception.

Standard Deviation: Standard deviation measures the total volatility of the fund, by measuring dispersion. Higher standard deviation indicates higher risk. If the quarterly or monthly returns are all the same the standard deviation will be zero. The more they vary from one another, the higher the standard deviation. Thus, it measures uncertainty, which is a measure of risk.

Alpha/Beta/R-Squared: If the policy is appropriate, then the alpha should be positive, the beta close to one, and the r-squared should be high. Beta measures risk relative to the policy. A beta of 1 suggests risk equivalent to the policy. Higher betas indicate higher relative risk. A beta of 1.2 indicates 20% more risk than the policy. The alpha measures the return adjusting for beta. The higher the alpha, the better. R-squared measures the relationship between the policy and the fund. A high r-squared means the returns of the fund can largely be explained by movements of the policy. The higher the r-squared, the more reliable the alpha and the beta. R-squared may range from 0 to 100. Beta, alpha and r-squared are derived from regression analysis using the fund and policy returns as the dependent and independent variables respectively. Roughly, one would expect the fund's performance to equal the return of the policy multiplied by the beta plus the alpha.

Sharpe Ratio/Treynor Ratio: The Sharpe and Treynor ratios are similar. The Sharpe ratio is the excess return per unit of total risk as measured by standard deviation. The Treynor ratio is the excess return per unit of market risk as measured by beta. Both of these should be compared against the corresponding value for the policy. Higher numbers are better, indicating more return for the level of risk that was experienced.

Tracking Error/Information Ratio: Tracking error is the standard deviation of the portfolio's residual (i.e., excess) returns. The lower the tracking error, the closer the portfolio returns have been to its risk index. Aggressively managed portfolios would be expected to have higher tracking errors than portfolios with a more conservative investment style. The information ratio is equal to the annualized excess return of the portfolio divided by the standard deviation of its annualized excess returns (i.e., the tracking error). The statistic can be used to compare added value of more than one portfolio – a low relative return and low tracking risk portfolio can have the same value added as a portfolio with high relative return and high tracking risk. The information ratio is a measure of the efficiency with which the excess returns have been generated. Since the information ratio is a determination of the value added vis-à-vis the risk benchmark, the higher the ratio, the better.

Large-Cap Stock Index Separate Account-Stnd as of 03/31/2008

Investment Strategy

The investment option normally invests the majority of assets in common stocks of companies that compose the S&P 500 Index. Management attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P 500 Index. Over the long-term, management seeks a very close correlation between the performance of the Separate Account before expenses and that of the S&P 500 Index.



Portfolio managers

Dirk Laschanzky, CFA. Since 10/01/2003. M.B.A., U of Iowa

Scott Smith Since 12/31/2007. B.S., Iowa State University

Long-term returns % as of 03/31/2008



Performance disclosure

Investment returns shown represent historical performance and do not guarantee future results. Investment returns and principal values fluctuate with changes in interest rates and other market conditions so the value, when redeemed, may be worth more or less than original costs. Current performance may be lower or higher than the performance data shown. For more performance information, including the most recent month-end performance, visit the Principal Sponsor Service CenterSM or The Principal Retirement Service Center[®] at www.principal.com, contact your representative of The Principal, or call our Client Contact Center at 1-800-547-7754.

In situations where the net and gross total investment expense figures are different, the mutual fund or the underlying fund in which a Separate Account invests has waived/capped a portion of its management fees through the date displayed in the waiver expiration date or contractual cap expiration date column. Differences may also be shown due to the fund family choosing to pay certain expenses that would normally be payable by the fund. Returns displayed are based on net total investment expense.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-9.49	-5.33	5.54	10.97	3.14
Standard & Poor's 500 Index %	-9.44	-5.08	5.85	11.32	3.50
Large Blend Category %	-9.73	-5.13	5.69	11.15	3.60
Morningstar Percentile Rankings	-	47	48	50	54
# of funds in category	2219	2124	1664	1314	621

Annual Returns	2007	2006	2005	2004	2003
Total Return %	5.18	15.46	4.58	10.49	28.18
Standard & Poor's 500 Index %	5.49	15.79	4.91	10.88	28.68
Large Blend Category %	6.16	14.17	5.88	10.02	27.05
Morningstar Percentile Rankings	55	29	64	43	33
# of Funds in Category	2090	1980	1743	1611	1526

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Blend

Morningstar Style BoxTM

As of 02/29/2008

Investment style

Value	Blend	Growth	
			Large
			Medium
			Small

Risk and Return Statistics

as of 03/31/2008 Relative to Standard & Poor's 500 Index

	3Yr	5Yr
Alpha	-0.30	-0.31
Beta	1.00	1.00
R-Squared	100.00	100.00
Standard Deviation	8.66	9.16
Mean	5.54	10.97
Sharpe Ratio	0.18	0.84
Excess Return	-0.32	-0.35
Excess Risk	0.04	0.03
Information Ratio	-8.75	-10.03

Operations

Total Investment Expense Net	0.31 %
Total Investment Expense Gross	0.31 %
Inception Date	01/01/1990
Total Net Assets (mil)	\$5,954.40

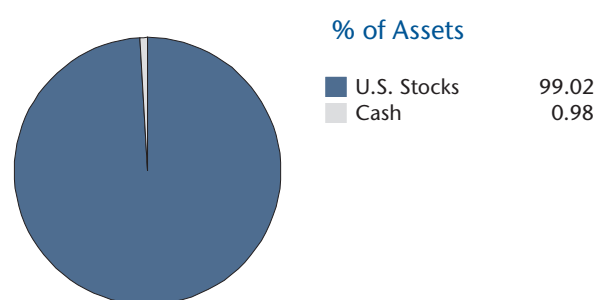


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Large-Cap Stock Index Separate Account-Stdnd as of 03/31/2008

Portfolio information

Composition as of 02/29/2008



Top ten holdings

	% of net assets
1. ExxonMobil Corporation	4.05
2. General Electric Company	2.85
3. Microsoft Corporation	1.86
4. AT&T, Inc.	1.80
5. Procter & Gamble Company	1.75
6. Chevron Corporation	1.56
7. Johnson & Johnson	1.51
8. Bank of America Corporation	1.50
9. International Business Machines Corp	1.34
10. Altria Group Inc.	1.31
% of net assets in top ten holdings*	19.53

Analysis

# of Stock Hldgs	499
# of Bond Hldgs	0
# of Other Hldgs	2
GeoAvgCap (mil)	\$50,199.59
Turnover Ratio	4%
P/C Ratio	9.62
P/E Ratio	12.99
P/B Ratio	2.33

Stock Sector Breakdown

Information	% of net assets	Service	% of net assets	Manufacturing	% of net assets
Software	3.73	Healthcare	12.23	Consumer Goods	9.37
Hardware	9.71	Consumer Services	7.04	Industrial Materials	13.30
Media	3.15	Business Services	4.31	Energy	13.69
Telecom	3.27	Financial Services	16.78	Utilities	3.44

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The full name of this investment option is Principal Large Cap Stock Index Sep Acct-Standard.

Standard & Poor's 500 Index is a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index. **Excess Risk** - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

Each index based investment option is invested in the stocks or bonds of the index it tracks. Performance of indexes reflects the unmanaged results for the market segment the selected stocks or bonds represent. There is no assurance an index based investment option will match the performance of the index tracked.

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* Values may exceed 100% if both long and short positions are included in the portfolio.

Diversified International Separate Account-Stnd as of 03/31/2008

Investment Strategy

The investment option normally invests the majority of assets in companies in at least three different countries. It invests in securities of companies with their principal place of business or principal office outside of the United States; companies for which the principal securities trade on a foreign exchange; and companies, regardless of where their securities are traded, that derive 50% or more of their total revenue from goods or services produced or sold outside of the United States. The Separate Account may invest in securities of companies with small to medium market capitalizations.



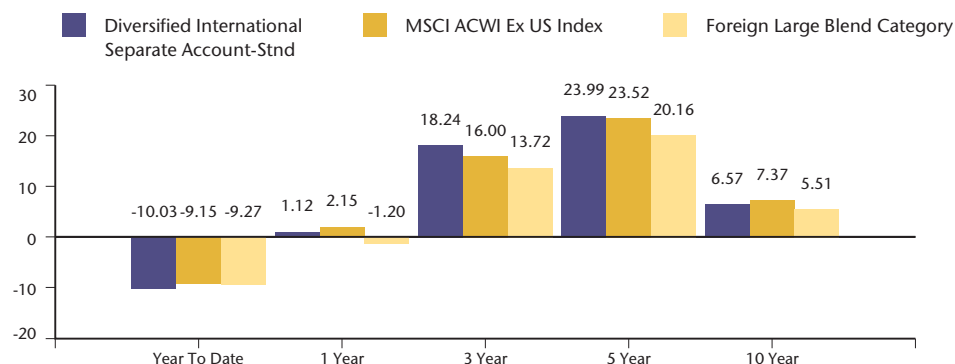
Portfolio managers

Paul Blankenhagen, CFA. Since 12/01/2003. Master, Drake U

Juliet Cohn Since 05/01/2004. Bachelor, Trinity C

Christopher Ibach, CFA. Since 05/30/2007. M.B.A., U of Iowa

Long-term returns % as of 03/31/2008



Performance disclosure

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values fluctuate with changes in interest rates and other market conditions so the value, when redeemed, may be worth more or less than original costs. Current performance may be lower or higher than the performance data shown. For more performance information, including the most recent month-end performance, visit the Principal Sponsor Service Center SM or The Principal Retirement Service Center® at www.principal.com, contact your representative of The Principal, or call our Client Contact Center at 1-800-547-7754.

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-10.03	1.12	18.24	23.99	6.57
MSCI ACWI Ex US Index %	-9.15	2.15	16.00	23.52	7.37
Foreign Large Blend Category %	-9.27	-1.20	13.72	20.16	5.51
Morningstar Percentile Rankings	-	26	6	7	27
# of funds in category	836	747	557	459	231

Annual Returns	2007	2006	2005	2004	2003
Total Return %	16.38	27.99	24.14	20.99	33.73
MSCI ACWI Ex US Index %	16.65	26.65	16.62	20.91	40.83
Foreign Large Blend Category %	12.71	24.77	14.72	17.39	33.58
Morningstar Percentile Rankings	20	15	3	10	43
# of Funds in Category	743	657	608	551	504

Morningstar percentile rankings are based on total returns.

Morningstar category

Foreign Large Blend

Morningstar Style Box™

As of 02/29/2008

Investment style			Market capitalization
Value	Blend	Growth	
			Large
			Medium
			Small

Risk and Return Statistics

as of 03/31/2008 Relative to MSCI ACWI Ex US Index

	3Yr	5Yr
Alpha	1.03	-0.42
Beta	1.09	1.05
R-Squared	96.96	96.46
Standard Deviation	13.58	12.92
Mean	18.23	23.99
Sharpe Ratio	1.00	1.50
Excess Return	2.22	0.44
Excess Risk	2.61	2.50
Information Ratio	0.85	0.18

Operations

Total Investment Expense Net	1.06%
Total Investment Expense Gross	1.06%
Inception Date	05/20/1987
Total Net Assets (mil)	\$3,781.97



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Diversified International Separate Account-Stdnd as of 03/31/2008

Portfolio information

Composition as of 02/29/2008

% of Assets		Top ten holdings		% of net assets	Analysis	
	Non-U.S. Stocks	99.24	1. Nestle	1.68	# of Stock Hldgs	412
	Cash	0.69	2. Nokia	1.56	# of Bond Hldgs	1
	U.S. Stocks	0.07	3. Vodafone Grp	1.49	# of Other Hldgs	1
			4. E.ON	1.41	GeoAvgCap (mil)	\$29,717.01
			5. Telefonica	1.34	Turnover Ratio	89%
			6. Roche Holding Ltd	1.33	P/C Ratio	8.10
			7. TOTAL	1.24	P/E Ratio	13.01
			8. TOYOTA MOTOR CORPORATION	1.16	P/B Ratio	2.11
			9. BHP Billiton	1.15		
			10. Banco Santander	1.15		
			% of net assets in top ten holdings*	13.51		

Top 5 Countries	% of net assets	Regional exposure	% of net assets
United Kingdom	16.61	Europe	57.82
Japan	14.46	Pacific Rim	15.77
Germany	8.63	Japan	14.46
Canada	7.51	Other	9.73
Switzerland	7.20	Latin America	2.15
		United States	0.07

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The full name of this investment option is Principal Diversified International Sep Acct-Standard.

MSCI ACWI Ex US Index is a free float-adjusted market capitalization index that is designed to measure the combined equity market performance of developed and emerging market countries excluding the US.

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International and global investment options are subject to additional risk due to fluctuating exchange rates, foreign accounting and financial policies, and other economic and political environments.

* Values may exceed 100% if both long and short positions are included in the portfolio.

Bond and Mortgage Separate Account-Stnd as of 03/31/2008

Investment Strategy

The investment option invests primarily in intermediate-term, fixed-income investments such as public and private corporate bonds, commercial and residential mortgages, asset-backed securities, and US government and agency-backed securities. Value is added primarily through sector allocation and security selection. The Separate Account may enter into reverse repurchase agreements to attempt to enhance portfolio return and income.



Portfolio managers

William Armstrong, CFA. Since 01/01/1997. Master, U of Iowa

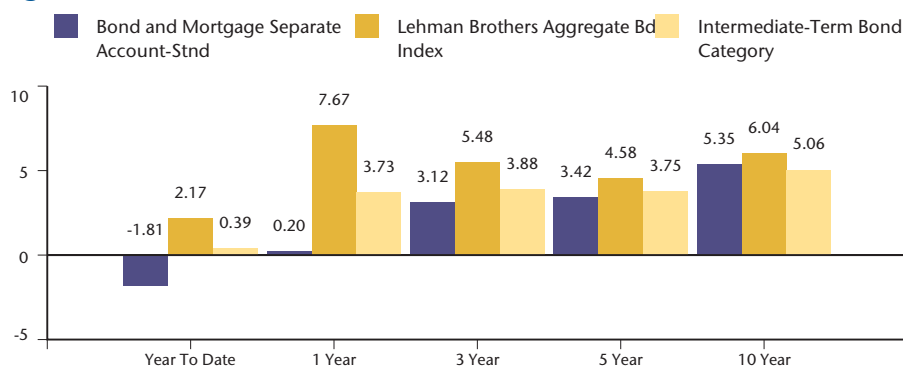
Timothy Warrick, CFA. Since 06/01/2002. M.B.A., Drake U

L. Phillip Jacoby IV Since 11/07/2005. B.S., Boston U

Lawrence Post Since 11/07/2005. M.B.A., U of Pennsylvania

Bernard Sussman Since 11/07/2005. M.B.A., Cornell U

Long-term returns % as of 03/31/2008



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-1.81	0.20	3.12	3.42	5.35
Lehman Brothers Aggregate Bd Index %	2.17	7.67	5.48	4.58	6.04
Intermediate-Term Bond Category %	0.39	3.73	3.88	3.75	5.06
Morningstar Percentile Rankings	-	86	79	66	33
# of funds in category	1178	1118	974	830	433

Annual Returns	2007	2006	2005	2004	2003
Total Return %	3.67	4.56	2.48	4.85	5.04
Lehman Brothers Aggregate Bd Index %	6.97	4.33	2.43	4.34	4.10
Intermediate-Term Bond Category %	4.70	4.15	1.80	3.91	5.10
Morningstar Percentile Rankings	80	24	15	18	36
# of Funds in Category	1097	1092	1043	1035	952

Morningstar percentile rankings are based on total returns.

Morningstar category

Intermediate-Term Bond

Morningstar Style BoxTM

As of 02/29/2008

Duration			Quality
Short	Int	Long	
			High
			Medium
			Low

Risk and Return Statistics

as of 03/31/2008 Relative to
Lehman Brothers Aggregate Bd Index

	3Yr	5Yr
Alpha	-2.10	-1.04
Beta	0.85	0.94
R-Squared	69.29	86.34
Standard Deviation	2.96	3.65
Mean	3.12	3.42
Sharpe Ratio	-0.39	0.08
Excess Risk	1.66	1.37
Information Ratio	-1.42	-0.85

Operations

Total Investment Expense Net	0.71%
Total Investment Expense Gross	0.71%
Inception Date	02/01/1983
Total Net Assets (mil)	\$6,002.42

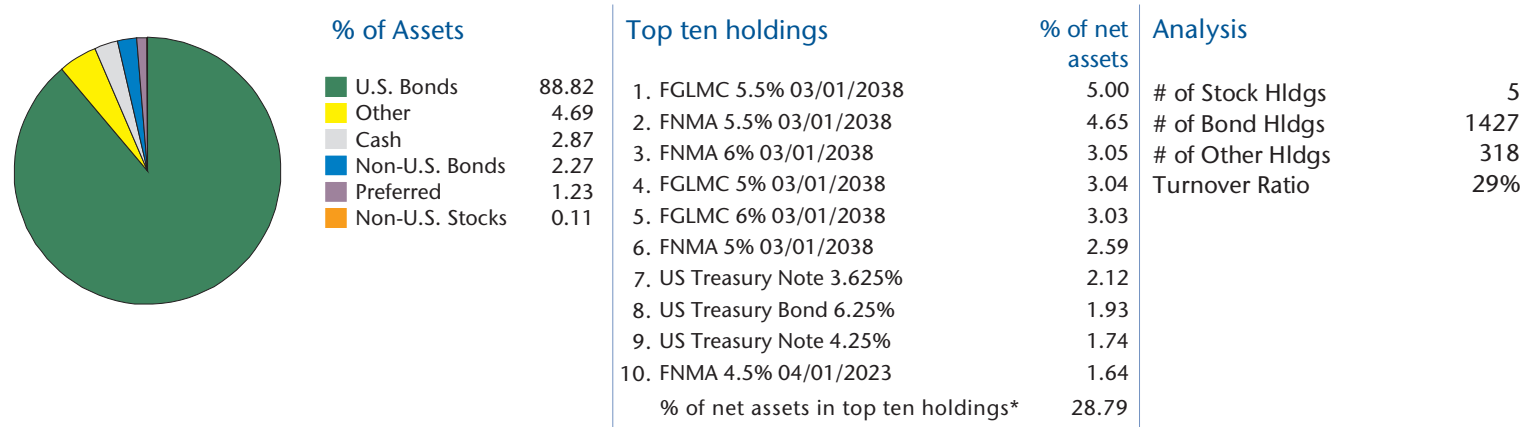


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Bond and Mortgage Separate Account-Stdnd as of 03/31/2008

Portfolio information

Composition as of 02/29/2008



Credit Analysis

	% Bonds
AAA	63.49
AA	1.23
A	8.09
BBB	13.84
BB	5.51
B	6.17
Below B	1.24
Not Rated	0.43

Statistics

Avg Eff Duration (Yrs)	4.78
Avg Eff Maturity (Yrs)	8.28
Avg Credit Quality	AA
Avg Weighted Coupon	5.47
Avg Weighted Price	100.30

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The full name of this investment option is Principal Bond and Mortgage Separate Account-Standard.

Lehman Brothers Aggregate Bd Index represents securities that are domestic, taxable, and dollar denominated. The index covers the U. S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

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Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise. Neither the principal of bond investment options nor their yields are guaranteed by the U.S. government.

Fixed-income and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure.

* Values may exceed 100% if both long and short positions are included in the portfolio.